

North Carolina State Health Plan

**Governmental Accounting Standards Board (GASB)
Statement 75 Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB) as of June 30, 2024**



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Segal



2727 Paces Ferry Road SE, Bldg. 1, Suite 1400
Atlanta, GA 30339-4053
segalco.com
T 678.306.3100

January 30, 2025

Committee on Actuarial Valuation of Retired Employees' Health Benefits (OPEB)
State Health Plan of North Carolina
430 N. Salisbury St.
Raleigh, North Carolina 27603

Dear Committee Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2024, under Governmental Accounting Standards Board Statement No. 75. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience. This report was based on the census data provided by the Department of the State Treasurer, the financial information prepared by the Department of the State Treasurer, and the terms of the Plan. The actuarial calculations were completed under the supervision of Robert Burrell, ASA, FCA, MAAA, EA, Vice President and Consulting Actuary and Peter Wang, PhD, ASA, MAAA, Associate Actuary.

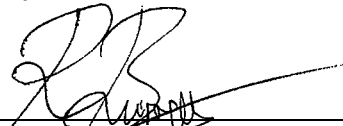
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The demographic assumptions were prescribed by the OPEB Valuation Committee to be consistent with the TSERS pension valuation where assumptions overlap. Further, in our opinion, the assumptions used in this valuation and described in Section 3, Exhibit B are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Section 3, Exhibit C.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The OPEB Valuation Committee is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,

Segal

A handwritten signature in black ink, appearing to read "R. Burrell", written over a horizontal line.

Robert Burrell, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the North Carolina State OPEB plan as of June 30, 2024, required by Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here.

Highlights of the valuation

Accounting and financial reporting

- For GASB 75 reporting as of June 30, 2025, the Net OPEB Liability (NOL) was measured as of June 30, 2024. The Plan's Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were valued as of the measurement date. Consistent with the provisions of GASB 75, the assets and liabilities measured as of June 30, 2024, are not adjusted, or rolled forward to the June 30, 2025, reporting date.
- The collective NOL for the prior employer fiscal year (ending June 30, 2024) is \$26.65 billion, based on a measurement as of June 30, 2023. The collective NOL for the current employer fiscal year (ending June 30, 2025) increased to \$34.01 billion, based on a measurement as of June 30, 2024.
- The collective GASB 75 OPEB expense of \$0.95 billion is based on the change in the NOL during the employers' fiscal year ending June 30, 2025, corresponding with a Measurement Period of July 1, 2023, to June 30, 2024. The expense is the change in the NOL, excluding changes related to employer contributions and adjusted to reflect the effect of deferred recognition of certain changes in the liability and assets. A summary of the calculation of the OPEB expense and a summary of the outstanding deferred outflows and inflows can be found in Section 2.

As of June 30, 2024, the ratio of assets to the Total OPEB Liability (the funded ratio) is 9.79%. This is based on the market value of assets at this point in time.

Section 1: Actuarial Valuation Summary

Summary of key valuation results (in thousands)

Valuation Result	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Disclosure elements for fiscal year ending June 30:		
• Total OPEB Liability	\$37,702,714	\$29,850,087
• Plan Fiduciary Net Position (Assets)	3,690,125	3,202,661
• Net OPEB Liability	34,012,589	26,647,426
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	9.79%	10.73%
• OPEB expense	945,966	-488,734
• Service cost at beginning of year	1,318,987	1,279,519
• Total payroll	20,784,240	19,839,303

Exhibits relating to GASB 74 information in this report are consistent with comparable exhibits of the report dated August 28, 2024, with one exception. The total employer contributions were \$1,483,995,000 (see page 16 of the GASB 74 report). A portion of the contribution was not allocated to employers, due to timing differences. As such, in this report the contributions appear as \$1,492,886,000 (page 15 of this report), and the \$8,891,000 difference is included in Other Changes.

The \$10.3 million additional contribution (described on page 11 of this report) is classified as a “Non-Employer Contribution” on page 15 of this report.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the State to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the State.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on 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). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the State's financial officers. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If the State is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The State should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the State upon delivery and review. The State should notify Segal immediately of any questions or concerns about the final content.

Section 1: Actuarial Valuation Summary

January 30, 2025

Actuarial Certification

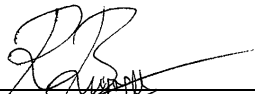
This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of State Health Plan of North Carolina other postemployment benefit programs as of June 30, 2024, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement 75 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the State Health Plan and reliance on participant, premium, claims and expense data provided by the Plan or from vendors employed by the Plan. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

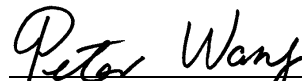
The actuarial computations made are for purposes of fulfilling plan accounting and funding requirements. Determinations for purposes other than meeting financial accounting and funding requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan or determining short-term cash flow requirements.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in retiree group benefits program provisions or applicable law. Retiree group benefits 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. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

To the best of our knowledge, this report is complete and accurate and, in our opinion, presents the information necessary to comply with GASB Statement 75 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet the “General Qualification Standards for Statements of Actuarial Opinions” to render the actuarial opinion contained herein.



Robert Burrell, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary
Certifying Liability Calculations



Peter Wang, PhD, ASA, FCA, MAAA
Associate Actuary
Certifying Claims and Medical Trend Calculations

Section 2: GASB 75 Information

General information about the OPEB plan

Plan administration. The State administers the OPEB plan—a multiple employer cost-sharing OPEB plan that is used to provide postemployment benefits other than pensions for permanent full-time general employees. Management of the OPEB plan is governed by North Carolina General Statutes.

Plan membership. Plan membership consisted of the following:

Category of membership	Number as of December 31, 2023	Number as of December 31, 2022
Retirees	224,000	220,848
Spouses	26,595	25,185
Surviving spouses	3,092	2,993
Inactive vested	55,907	51,616
Actives	260,967	287,783
Total	570,561	588,425

Benefits provided. The Plan benefits employees and former employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), charter schools, and some select local governments that are not part of the financial reporting entity also participate.

Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Board of Trustees. Plan benefits received by retired employees and disabled employees are other postemployment benefits (OPEB). The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees, a choice between the self-funded 80/20 and 70/30 Preferred Provider Organization (PPO) Plans. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options or the self-funded 70/30 PPO plan option that is also offered to non-Medicare members. If the 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Section 2: GASB 75 Information

State Contributions. The Plan is funded by both employer contributions and premiums charged to retirees and their spouses and dependents. A percent of pay is charged to each participating employer; the rate was 6.89% for fiscal 2023 and 7.14% for fiscal 2024. Premiums are charged to retirees and vary based on the coverage selected. The premiums for spouses are much higher than the premiums for retirees. Additional contributions of \$35.0 million and \$10.3 million were made in FY 2023 and FY 2024 and are not assumed to recur in the future. The RHBTF may also be funded through the Unfunded Liability Solvency Reserve as stated in G.S 143C-4-10.

Section 2: GASB 75 Information

Net OPEB Liability (in thousands)

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Total OPEB Liability	\$37,702,714	\$29,850,087
Plan Fiduciary Net Position	3,690,125	3,202,661
Net OPEB Liability	34,012,589	26,647,426
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	9.79%	10.73%

The Net OPEB Liability was measured as of June 30, 2024, and 2023. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of December 31, 2023, and 2022, respectively.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of December 31, 2023, and rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumption	Description
Inflation	2.50%
Salary increases	Teachers: 7.30% grading down to 3.25% Law Enforcement Officers: 8.05% grading down to 3.25% General Employees: 6.25% grading down to 3.25% Other Education Employees: 7.50% grading down to 3.25%
Discount rate	3.93% for fiscal 2024, 3.65% for fiscal 2023
Health care cost trend rates	
• Medical (Non-MA)	6.50% grading down to 5.00% by 2030
• Prescription drug (Non-MA)	10.00% grading down to 5.00% by 2033
• Prescription drug (Non-MA) rebates	7.00% for seven years, grading down to 5.00% by 2033

Section 2: GASB 75 Information

Assumption	Description
<ul style="list-style-type: none"> Medicare Advantage 	Rates are guaranteed for 2021-2025; Rates for 2026 and 2027 reflect MA premium rates that were provided by the State. Rates beyond 2027 reflect anticipated increases in MA rates trending down to an ultimate rate of 5.00%.
<ul style="list-style-type: none"> Administrative costs 	3.00%
Mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

The actuarial assumptions used in the June 30, 2024, valuation was based on the results of an actuarial experience study performed by Cavanaugh Macdonald for the period January 1, 2015, to December 31, 2019.

The Plan does not have a funding policy that covers both the Normal Cost and a payment toward the unfunded liability. The plan is funded based on contributions set each year to target the projected benefit payments for the year and investment returns and current plan assets do not fund a material portion of long-term projected benefits. As such, we have not calculated a blended discount rate.

Detailed information regarding all actuarial assumptions can be found in Section 3, Exhibit B.

Section 2: GASB 75 Information

Sensitivity (in thousands)

The following presents the NOL of the State as well as what the State's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate. Also, shown is the NOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

Item	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB Liability (Asset)	\$40,466,179	\$34,012,589	\$28,830,921

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$28,074,951	\$34,012,589	\$41,700,675

Section 2: GASB 75 Information

Schedule of changes in Net OPEB Liability – Last two fiscal years (in thousands)

Components of the Net OPEB Liability	Current	Prior
Measurement dates		
Measurement Date	June 30, 2024	June 30, 2023
Total OPEB Liability		
Service cost	\$1,318,987	\$1,279,519
Interest	1,115,558	965,755
Change of benefit terms	-1,370,032	--
Differences between expected and actual experience	91,403	152,230
Changes of assumptions	7,919,368	2,016,085
Benefit payments, including refunds of member contributions	-1,222,657	-1,120,623
Net change in Total OPEB Liability	\$7,852,627	\$3,292,966
Total OPEB Liability – beginning	29,850,087	26,557,121
Total OPEB Liability – ending	\$37,702,714	\$29,850,087
Plan Fiduciary Net Position		
Contributions – employer	\$1,492,886	\$1,369,328
Contributions – employee	--	--
Non-employer contribution ¹	10,348	35,006
Net investment income	215,939	111,228
Benefit payments, including refunds of member contributions	-1,222,657	-1,120,623
Administrative expense	-161	-147
Other ²	-8,891	-2,400
Net change in Plan Fiduciary Net Position	\$487,464	\$392,392
Plan Fiduciary Net Position – beginning	3,202,661	2,810,269
Plan Fiduciary Net Position – ending	\$3,690,125	\$3,202,661

¹ See notes to schedule

² The difference between the total contributions to the Plan and the amount attributable to each employer may be different due to timing issues and employers that drop off. The GASB 74 contribution for the current year is \$1,483,995,000.

Section 2: GASB 75 Information

Components of the Net OPEB Liability	Current	Prior
Net OPEB Liability		
Net OPEB Liability – ending	\$34,012,589	\$26,647,426
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	9.79%	10.73%
Covered payroll ¹	\$20,784,240	\$19,839,303
Plan Net OPEB Liability as percentage of covered payroll	163.65%	134.32%

Notes to Schedule:

- **Benefit changes:**

- **Reflected in the June 30, 2024, Net OPEB Liability**

- Effective January 1, 2024, new prescriptions of GLP-1 AOM were no longer covered and effective April 1, 2024, all coverage of GLP-1 AOM ceased.

- **Reflected in the June 30, 2023, Net OPEB Liability**

- None.

- **Changes of assumptions:**

- **Reflected in the June 30, 2024, Net OPEB Liability**

- The discount rate was updated, changing from 3.65% to 3.93%, based on changes in the Bond Buyer 20-year GO index rate, as selected by the State's OPEB Valuation Committee.
- The medical, prescription drug and administrative starting claims cost were updated based on the most recent experience.
- Medical, prescription drug and administrative trend rates were updated to current schedule.
- Enrollment assumptions were updated to model expected migrations among plan options over the next four years.
- The percentage of new smokers was updated to reflect current experience.
- The Medicare Advantage Prescription Drug (MA-PD) rates were updated.
- Employer contribution rates through 2029 were updated based on rates projected by the State.

- **Reflected in the June 30, 2023, Net OPEB Liability**

- The discount rate was updated, changing from 3.54% to 3.65%, based on changes in the Bond Buyer 20-year GO index rate, as selected by the State's OPEB Valuation Committee.

¹ Covered payroll represents total compensation basis for OPEB contributions. This amount is estimated for 2023 and 2024, based on the reported employer contributions divided by the employer contribution rate in effect in the measurement year.

Section 2: GASB 75 Information

- The medical and prescription drug claims cost was changed based on the most recent experience.
- The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal's claims data warehouse.
- The new Aetna contract effective January 1, 2025, was reflected.
- Medical and prescription drug trend rates were changed to current schedule.
- Enrollment assumptions were updated to model expected migrations among plan options over the next five years.
- Employer contribution rates through 2027 were updated based on draft budget legislation, as reflected in Q2 financial projections.
- The impact of the Inflation Reduction Act (IRA) on future assumed Medicare Advantage/Prescription Drug (MAPD) rates was reflected.

Section 2: GASB 75 Information

Schedule of contributions – last ten fiscal years (in thousands)

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$2,211,436	\$854,383	\$1,357,053	\$15,562,532	5.49%
2016	2,516,706	880,847	1,635,859	15,729,411	5.60%
2017	2,728,064	950,813	1,777,251	16,365,112	5.81%
2018	2,613,258	1,018,693	1,594,565	16,837,901	6.05%
2019	2,971,069	1,104,902	1,866,167	17,622,035	6.27%
2020	2,823,873	1,162,967	1,660,906	17,974,758	6.47%
2021	3,049,625	1,214,750	1,834,875	18,184,883	6.68%
2022	2,084,130	1,197,278	886,869	19,034,634	6.29%
2023	2,240,057	1,366,928	873,129	19,839,303	6.89%
2024	2,652,649	1,483,995	1,168,654	20,784,240	7.14%

See accompanying notes to this schedule on next page.

Section 2: GASB 75 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Method or Assumption	Description
Valuation Date	December 31 prior to the fiscal year end
Actuarial Cost Method	Projected Unit Credit (for years ended June 30, 2017, and earlier) Entry Age Normal (for years ended June 30, 2018, and after)
Amortization Method	Open 30-year level pay
Remaining Amortization Period	30 years
Asset Valuation Method	Market value
Discount Rate	4.25% (for years ended June 30, 2016, and earlier) Bond Buyer 20-Year GO Index Rate as of fiscal year end (for years ended June 30, 2017 and after)
Timing and Payroll Adjustment	This includes interest, rounding, and an adjustment for the difference between valuation payroll and covered payroll (not applicable for years ended June 30, 2017, and earlier) Beginning with June 30, 2022, calculation, the payroll adjustment no longer applies, as valuation payroll excludes hires after January 1, 2021
Payroll Increase Assumption	3.50% (for years ending June 30, 2020, and earlier) 3.25% (for years ending June 30, 2021, and later)

Section 2: GASB 75 Information

Statement of Fiduciary Net Position (in thousands)

Item	Amounts as of June 30, 2024	Amounts as of June 30, 2023
Assets		
Cash and deposits	\$1,279,906	\$1,270,848
Receivables		
• Accounts receivable	636	633
• Interest receivable	4,592	3,410
• Contributions receivable	72,237	66,009
• Total receivables	\$77,465	\$70,052
Investments	\$2,332,754	\$1,861,761
Total assets	\$3,690,125	\$3,202,661
Net position restricted for OPEB	\$3,690,125	\$3,202,661

Section 2: GASB 75 Information

OPEB expense – total for all employers (in thousands)

Components of OPEB expense	Current	Prior
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Components of OPEB expense		
Service cost	\$1,318,987	\$1,279,519
Interest on the Total OPEB Liability	1,115,558	965,755
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	--	--
Current-period benefit changes	-1,370,032	--
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	18,281	30,446
Expensed portion of current-period changes of assumptions or other inputs	1,583,874	403,217
Member contributions	--	--
Projected earnings on plan investments ²	-216,661	-190,668
Expensed portion of current-period differences between actual and projected earnings on plan investments	144	15,888
Administrative expense	161	147
Other ³	8,891	2,400
Recognition of beginning of year deferred outflows of resources as OPEB expense	1,202,464	757,415
Recognition of beginning of year deferred inflows of resources as OPEB expense	-2,715,701	-3,752,853
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	--	--
OPEB expense⁴	\$945,966	-\$488,734

¹ Aggregate net result of rounding individually allocated deferred inflow and outflow balances for changes in proportion and differences between employer's contributions and proportionate share of contributions. Derivation of the amortization periods based on Average Expected Future Service are presented on page 28.

² Calculated based on expected return of 6.50% applied to beginning of year assets of \$3,202,661,000 and net external cash flows (contributions, benefits, administrative expenses and other income) of \$261,177,000, assumed to occur mid-year.

³ Results from Other cash flows on the reconciliation of the Fiduciary Net Position. This results from the difference between the total contributions recorded by the Plan and the total of the contributions recorded from participating employers allocated Net OPEB Liability.

⁴ Per direction from GASB, the non-employer contribution consisting of ad hoc transfers of excess funding from the Public Employees Health Benefits Fund and/or the Unfunded Liability Solvency Reserve to the Retiree Health Benefit Trust Fund in the amount of \$10.3 million in 2024 and \$35.0 million in 2023 was isolated from the OPEB expense and allocated to participating employers as a separate revenue item.

Section 2: GASB 75 Information

Deferred outflows of resources and deferred inflows of resources (in thousands)

Deferred Outflows and Inflows	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Deferred outflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$1,974,884	\$2,508,896
Changes of assumptions or other inputs	8,191,620	2,886,727
Net difference between projected and actual earnings on OPEB plan investments	145,749	212,873
Difference between expected and actual experience in the Total OPEB Liability	277,222	293,440
Total deferred outflows of resources	\$10,589,477	\$5,901,937
Deferred inflows of resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$1,974,884	\$2,508,896
Changes of assumptions or other inputs	4,434,547	7,109,318
Net difference between projected and actual earnings on OPEB plan investments	0	0
Difference between expected and actual experience in the Total OPEB Liability	0	26,109
Total deferred inflows of resources	\$6,409,432	\$9,644,323

¹ Calculated in accordance with Paragraphs 64 and 65 of GASB 75
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Section 2: GASB 75 Information

Deferred Outflows and Inflows	Current	Prior
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting date for employer under GASB 75 year ended June 30:		
2025	N/A	-\$1,513,236
2026	-\$199,446	-1,801,745
2027	725,342	-876,957
2028	2,051,850	449,551
2029	1,602,299	0
Thereafter	0	0

Results may not add due to rounding.

Section 2: GASB 75 Information

Schedule of recognition of change in total Net OPEB Liability

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience on Total OPEB Liability (in thousands)

Reporting Date for Employer under GASB 75 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	Thereafter
2019	-\$80,950	6.00	-\$13,492	\$0	\$0	\$0	\$0	\$0	\$0
2020	-156,655	6.00	-26,109	-26,109	0	0	0	0	0
2021	30,157	6.00	5,026	5,026	5,026	0	0	0	0
2022	194,899	6.00	32,483	32,483	32,483	32,483	0	0	0
2023	106,924	5.00	21,385	21,385	21,385	21,385	0	0	0
2024	152,230	5.00	30,446	30,446	30,446	30,446	30,446	0	0
2025	91,403	5.00	N/A	18,281	18,281	18,281	18,281	18,281	0
Total¹			N/A	\$81,512	\$107,621	\$102,595	\$48,727	\$18,281	\$0

Results may not add due to rounding.

¹ Net increase (decrease) in OPEB expense
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Section 2: GASB 75 Information

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Assumption Changes (in thousands)

Reporting Date for Employer under GASB 75 Year Ended June 30	Assumption Changes	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	Thereafter
2019	-\$6,141,972	6.00	-\$1,023,662	\$0	\$0	\$0	\$0	\$0	\$0
2020	1,824,892	6.00	304,149	304,149	0	0	0	0	0
2021	-5,489,969	6.00	-914,995	-914,995	-914,995	0	0	0	0
2022	1,939,420	6.00	323,237	323,237	323,237	323,237	0	0	0
2023	-8,798,881	5.00	-1,759,776	-1,759,776	-1,759,776	-1,759,776	0	0	0
2024	2,016,086	5.00	403,217	403,217	403,217	403,217	403,217	0	0
2025	7,919,369	5.00	N/A	1,583,874	1,583,874	1,583,874	1,583,874	1,583,874	0
Total¹			N/A	-\$60,295	-\$364,443	\$550,552	\$1,987,091	\$1,583,874	0

Results may not add due to rounding.

¹ Net increase (decrease) in OPEB expense
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Section 2: GASB 75 Information

Increase (Decrease) in OPEB Expense Arising from the Recognition of the
Effects of Differences between Projected and Actual Earnings on OPEB Plan Investments (in thousands)

Reporting Date for Employer under GASB 75 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	Thereafter
2020	\$22,513	5.00	\$4,503	\$0	\$0	\$0	\$0	\$0	\$0
2021	52,346	5.00	10,469	10,469	0	0	0	0	0
2022	-74,097	5.00	-14,819	-14,819	-14,819	0	0	0	0
2023	280,819	5.00	56,164	56,164	56,164	56,164	0	0	0
2024	79,440	5.00	15,888	15,888	15,888	15,888	15,888	0	0
2025	722	5.00	N/A	144	144	144	144	144	0
Total¹			N/A	\$67,846	\$57,377	\$72,196	\$16,032	\$144	\$0

Results may not add due to rounding.

¹ Net increase (decrease) in OPEB expense
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Section 2: GASB 75 Information

Total Increase (Decrease) in OPEB Expense (in thousands)

Reporting Date for Employer under GASB 75 Year Ended June 30	Total Increase (Decrease) in OPEB Expense	Total Increase (Decrease) in OPEB Expense (in thousands)						
		2024	2025	2026	2027	2028	2029	Thereafter
2019	-\$6,207,670	-\$1,037,154	\$0	\$0	\$0	\$0	\$0	\$0
2020	1,690,750	282,542	278,040	0	0	0	0	0
2021	-5,407,466	-899,500	-899,500	-909,969	0	0	0	0
2022	2,060,222	340,901	340,901	340,901	355,720	0	0	0
2023	-8,411,139	-1,682,228	-1,682,228	-1,682,228	-1,682,228	0	0	0
2024	2,247,756	449,551	449,551	449,551	449,551	449,551	0	0
2025	8,011,494	N/A	1,602,299	1,602,299	1,602,299	1,602,299	1,602,299	0
Total¹		N/A	\$89,063	-\$199,446	\$725,342	\$2,051,850	\$1,602,299	\$0

Results may not add due to rounding.

¹ Net increase (decrease) in OPEB expense
 State Health Plan of North Carolina June 30, 2024, Reporting Under GASB 75
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Section 3: Supporting Information

Exhibit A: Summary of participant data

Statistic	Amount as of December 31, 2023	Amount as of December 31, 2022
Number of retirees	224,000	220,848
Average age of retirees	71.9	71.6
Number of spouses	26,595	25,185
Average age of spouses	70.5	70.1
Number of surviving spouses	3,092	2,993
Average age	79.5	79.6
Number inactive vested	55,907	51,616
Average age	49.3	49.3
Number of actives	260,967	287,783
Average age	47.8	47.0
Average service	13.2	12.3
Total Future Service for Active Participants	2,465,192	2,762,417
Total Number of Participants (excludes spouses)	543,966	563,240
Average future service (current year)	4.53	4.90
Average future service (prior year)	4.90	5.25
GASB 75 Amortization Period for recognition of liability gains and losses and assumption changes for measurement year's expense (average of current and prior years' average future service, rounded) ¹	5 years	5 years

¹ Recognition periods for deferred inflows and outflows related to changes in experience and assumptions are based on the average service lifetime for the population rounded to the nearest integer increment. The average of the current and prior results as of December 31 is used to approximate the average service lifetime as of the beginning of the measurement period. The amortization period for recognition of investment gains and losses is fixed at five years, as mandated by GASB 75.

Section 3: Supporting Information

Exhibit B: Actuarial assumptions and actuarial cost method

Data

Detailed census data, premium rates, claim experience, and summary plan descriptions for OPEB were provided by the State. Active participants hired after January 1, 2021, were excluded based on “Membership Begin Date” provided in the data file.

Actuarial cost method

Entry Age, Level Percentage of Pay. Decrements are assumed to occur mid-year.

Asset valuation method

Market Value

Basis for demographic assumptions

The demographic assumptions are based on a study performed by Cavanaugh Macdonald for the period ending December 31, 2019. The study was presented to the Board of Trustees for the Teachers' and State Employees' Retirement System (TSERS) of North Carolina in December 2020 and was approved for use. Participants in the Consolidated Judicial Retirement System, the Legislative Retirement System, the University Employees' Optional Retirement Program, and eligible local governments are valued using the General Employees' assumptions. All demographic assumptions were prescribed by the OPEB Valuation Committee to be consistent with the TSERS pension valuation.

Census valuation date

December 31, 2023. Employees that become participants after the valuation date are excluded. Participating employers for sake of the valuation are determined at the beginning of the fiscal year (i.e., included in the total OPEB liability). Allocations to employers are determined based on whether the employer has made contributions during the fiscal year and prior to the valuation date.

Measurement date

Liabilities were rolled forward to June 30, 2024. The Entry Age Actuarial Accrued Liability was adjusted from the Valuation Date to the Measurement Date using compound interest adjustments to half the service cost, half the interest cost, and half the expected benefit payments. Financial data was collected as of the Measurement Date

Section 3: Supporting Information

Allocations to employers

Pro rata allocation of the NOL based on the Present Value of Future Salaries for employers that made contributions to the Trust during the fiscal year.

Discount rate

3.93%. The discount rate is based on the Bond Buyer 20-year GO index as of June 30, 2024.

The Plan is funded essentially on a “pay-as-you-go” basis, and any prefunding that results from employer and retiree contributions in excess of benefit payments is not material. The additional contribution of \$10.3 million in FY 2024 was not assumed to recur. As such, a blended discount rate is not applicable.

Salary increases based on service

Teachers: 7.30% grading down to 3.25%

Law Enforcement Officers: 8.05% grading down to 3.25%

General Employees: 6.25% grading down to 3.25%

Other Education Employees: 7.50% grading down to 3.25%

Payroll increases

3.25%.

Investment return

6.50%. This rate is provided by the State and the Building Blocks table used for GASB disclosures is provided by the Investment Management Division of the Department of the State Treasurer.

Pre-Retirement mortality

Teachers use the Pub-2010 Teachers table. General and other education employees use the Pub-2010 General table. Law enforcement officers use the Pub-2010 Safety table.

Section 3: Supporting Information

Post-Disability mortality

Non-safety participants use the Pub-2010 General Disabled Retirees Amount-Weighted table, set back 1 year for females, and set forward 3 years for males.

Safety participants use the Pub-2010 General Disabled Retirees Amount-Weighted table, set back 3 years.

Post-Retirement mortality

Retirees	Mortality Table and adjustments
Male General and Other Education	Pub-2010 General Table adjusted by a factor of 105.5%
Female General and Other Education	Pub-2010 General Table, adjusted by a factor grading from 95% for 76 and below to 110% for 90 and above
Male Teachers	Pub-2010 Teachers Below Median Table, adjusted by a factor grading from 96% for 83 and below to 106% for 87 and above
Female Teachers	Pub-2010 Teacher Below Median Table, adjusted by a factor grading from 100% for 81 and below to 105% for 85 and above
Law Enforcement	Pub-2010 Safety, set forward 1 year, adjusted by a factor of 97% for both males and females
Spouses	Pub-2010 Teachers Contingent Annuitant Below Median Table, set forward 3 years for males and 1 year for females

Section 3: Supporting Information

Mortality projection scale

MP-2019

Disability rates

Age	Male	Female
20-24	0.045%	0.014%
25-29	0.018%	0.014%
30-34	0.029%	0.064%
35-39	0.059%	0.072%
40-44	0.084%	0.120%
45-49	0.123%	0.176%
50-54	0.230%	0.256%
55-59	0.346%	0.336%
60-62	0.302%	0.336%
63-64	0.302%	0.240%

These rates are the non-grandfathered rates used in the DIPNC valuation. The number of members eligible for transitional disability coverage provisions under G.S. 135-112 (“grandfathered”) is a relatively small group of individuals.

Section 3: Supporting Information

Turnover rates

Teachers – Male:

Years of Service

Age	0	1	2	3	4	>=5
25	5.00%	17.50%	15.50%	14.50%	11.50%	30.00%
30	5.00%	17.50%	15.50%	14.50%	11.50%	9.00%
35	5.00%	17.50%	15.50%	14.50%	11.50%	6.00%
40	5.00%	17.50%	15.50%	14.50%	11.50%	4.75%
45	5.00%	17.50%	15.50%	14.50%	11.50%	3.75%
50	5.00%	17.50%	15.50%	14.50%	11.50%	4.25%
55	5.00%	17.50%	15.50%	14.50%	11.50%	4.25%
60	5.00%	17.50%	15.50%	14.50%	11.50%	4.25%

Teachers – Female:

Years of Service

Age	0	1	2	3	4	>=5
25	3.50%	16.50%	15.50%	13.75%	11.50%	35.00%
30	3.50%	16.50%	15.50%	13.75%	11.50%	10.00%
35	3.50%	16.50%	15.50%	13.75%	11.50%	5.75%
40	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%
45	3.50%	16.50%	15.50%	13.75%	11.50%	3.50%
50	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%
55	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%
60	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%

Section 3: Supporting Information

Turnover rates (continued)

General – Male:

Years of Service

Age	0	1	2	3	4	>=5
25	9.00%	17.00%	15.00%	12.50%	11.00%	25.00%
30	9.00%	17.00%	15.00%	12.50%	11.00%	12.50%
35	9.00%	17.00%	15.00%	12.50%	11.00%	7.50%
40	9.00%	17.00%	15.00%	12.50%	11.00%	5.00%
45	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%
50	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%
55	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%
60	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%

General – Female:

Years of Service

Age	0	1	2	3	4	>=5
25	9.00%	17.50%	15.75%	14.00%	11.50%	25.00%
30	9.00%	17.50%	15.75%	14.00%	11.50%	12.00%
35	9.00%	17.50%	15.75%	14.00%	11.50%	10.00%
40	9.00%	17.50%	15.75%	14.00%	11.50%	5.75%
45	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%
50	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%
55	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%
60	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%

Section 3: Supporting Information

Turnover rates (continued)

Other – Male:

Years of Service

Age	0	1	2	3	4	>=5
25	9.00%	19.00%	17.00%	13.00%	11.00%	25.00%
30	9.00%	19.00%	17.00%	13.00%	11.00%	10.00%
35	9.00%	19.00%	17.00%	13.00%	11.00%	5.50%
40	9.00%	19.00%	17.00%	13.00%	11.00%	5.00%
45	9.00%	19.00%	17.00%	13.00%	11.00%	5.00%
50	9.00%	19.00%	17.00%	13.00%	11.00%	5.00%
55	9.00%	19.00%	17.00%	13.00%	11.00%	4.00%
60	9.00%	19.00%	17.00%	13.00%	11.00%	4.00%

Other – Female:

Years of Service

Age	0	1	2	3	4	>=5
25	7.00%	17.50%	15.50%	12.50%	10.75%	25.00%
30	7.00%	17.50%	15.50%	12.50%	10.75%	15.00%
35	7.00%	17.50%	15.50%	12.50%	10.75%	7.50%
40	7.00%	17.50%	15.50%	12.50%	10.75%	6.50%
45	7.00%	17.50%	15.50%	12.50%	10.75%	4.75%
50	7.00%	17.50%	15.50%	12.50%	10.75%	4.50%
55	7.00%	17.50%	15.50%	12.50%	10.75%	3.50%
60	7.00%	17.50%	15.50%	12.50%	10.75%	3.50%

Section 3: Supporting Information

Turnover rates (continued)

Law Enforcement – Male and Female:

Years of Service

Age	0	1	2	3	4	>=5
25	3.50%	9.25%	9.25%	9.50%	8.00%	7.50%
30	3.50%	9.25%	9.25%	9.50%	8.00%	7.50%
35	3.50%	9.25%	9.25%	9.50%	8.00%	3.50%
40	3.50%	9.25%	9.25%	9.50%	8.00%	2.50%
45	3.50%	9.25%	9.25%	9.50%	8.00%	2.00%
50	3.50%	9.25%	9.25%	9.50%	8.00%	2.00%
55	3.50%	9.25%	9.25%	9.50%	8.00%	5.00%
60	3.50%	9.25%	9.25%	9.50%	8.00%	5.00%

Section 3: Supporting Information

Active retirement rates

Teachers – Male:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	70.00%	70.00%
50	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	4.25%	70.00%	70.00%
51	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	4.25%	70.00%	70.00%
52	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	4.25%	70.00%	70.00%
53	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	5.50%	40.00%	70.00%
54	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	5.50%	40.00%	45.00%
55	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	5.50%	40.00%	45.00%
56	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	5.50%	40.00%	30.00%
57	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	5.50%	40.00%	30.00%
58	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	11.00%	40.00%	30.00%
59	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	11.00%	40.00%	30.00%
60	0.00%	8.50%	8.00%	10.00%	10.00%	30.00%	30.00%	30.00%	40.00%	30.00%
61	0.00%	8.50%	8.00%	10.00%	10.00%	40.00%	40.00%	30.00%	35.00%	30.00%
62	0.00%	12.50%	13.50%	20.00%	25.00%	40.00%	40.00%	30.00%	35.00%	35.00%
63	0.00%	12.50%	13.50%	20.00%	20.00%	40.00%	40.00%	30.00%	30.00%	35.00%
64	0.00%	12.50%	13.50%	20.00%	20.00%	40.00%	40.00%	30.00%	30.00%	25.00%
65	0.00%	17.50%	22.50%	25.00%	32.50%	32.50%	40.00%	30.00%	30.00%	25.00%
66	0.00%	17.50%	22.50%	25.00%	32.50%	32.50%	40.00%	35.00%	30.00%	30.00%
67	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	35.00%	15.00%	30.00%
68	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	15.00%	30.00%
69	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	15.00%	30.00%
70	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	15.00%	30.00%
71	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	30.00%
72	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	30.00%
73	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	10.00%
74	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	10.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Teachers – Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	65.00%	75.00%
50	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	65.00%	75.00%
51	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	65.00%	75.00%
52	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	50.00%	75.00%
53	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	40.00%	55.00%
54	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	40.00%	40.00%
55	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	7.00%	40.00%	37.50%
56	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	7.00%	40.00%	37.50%
57	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	7.00%	45.00%	37.50%
58	0.00%	0.00%	0.00%	0.00%	7.50%	7.50%	4.50%	7.00%	45.00%	37.50%
59	0.00%	0.00%	0.00%	0.00%	7.50%	7.50%	4.50%	7.00%	45.00%	37.50%
60	0.00%	8.00%	10.00%	10.00%	13.00%	25.00%	25.00%	40.00%	50.00%	37.50%
61	0.00%	8.00%	10.00%	10.00%	13.00%	47.50%	47.50%	40.00%	45.00%	40.00%
62	0.00%	13.50%	20.00%	20.00%	22.50%	47.50%	47.50%	40.00%	45.00%	40.00%
63	0.00%	13.50%	20.00%	20.00%	22.50%	47.50%	47.50%	40.00%	37.50%	40.00%
64	0.00%	13.50%	20.00%	20.00%	22.50%	47.50%	47.50%	40.00%	37.50%	40.00%
65	0.00%	25.00%	30.00%	25.00%	35.00%	35.00%	47.50%	40.00%	45.00%	40.00%
66	0.00%	25.00%	30.00%	35.00%	35.00%	35.00%	47.50%	40.00%	45.00%	40.00%
67	0.00%	25.00%	30.00%	35.00%	35.00%	35.00%	47.50%	40.00%	40.00%	40.00%
68	0.00%	22.50%	30.00%	25.00%	35.00%	35.00%	30.00%	40.00%	40.00%	32.50%
69	0.00%	22.50%	25.00%	25.00%	35.00%	35.00%	30.00%	30.00%	40.00%	32.50%
70	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	30.00%	30.00%	40.00%	32.50%
71	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
72	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
73	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
74	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

General – Male:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	60.00%	60.00%
50	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	60.00%	60.00%
51	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	50.00%	50.00%
52	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	50.00%	50.00%
53	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	50.00%
54	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	35.00%
55	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	35.00%
56	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	35.00%
57	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	4.00%	7.00%	40.00%	35.00%
58	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	4.00%	7.00%	40.00%	27.00%
59	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	4.00%	7.00%	40.00%	27.00%
60	0.00%	9.00%	7.00%	7.00%	10.00%	22.50%	22.50%	30.00%	40.00%	27.00%
61	0.00%	9.00%	7.00%	7.00%	10.00%	30.00%	30.00%	30.00%	40.00%	27.00%
62	0.00%	9.00%	20.00%	17.50%	22.50%	40.00%	40.00%	30.00%	40.00%	30.00%
63	0.00%	9.00%	15.00%	17.50%	20.00%	40.00%	40.00%	25.00%	40.00%	30.00%
64	0.00%	9.00%	15.00%	15.00%	20.00%	40.00%	40.00%	25.00%	27.50%	30.00%
65	0.00%	18.00%	25.00%	25.00%	30.00%	30.00%	40.00%	35.00%	27.50%	30.00%
66	0.00%	18.00%	25.00%	32.50%	30.00%	30.00%	40.00%	35.00%	40.00%	30.00%
67	0.00%	18.00%	25.00%	22.50%	25.00%	25.00%	40.00%	30.00%	40.00%	30.00%
68	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	30.00%
69	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	30.00%
70	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	30.00%
71	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	20.00%	30.00%	30.00%	25.00%
72	0.00%	20.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	25.00%
73	0.00%	20.00%	25.00%	22.50%	15.00%	15.00%	15.00%	30.00%	30.00%	25.00%
74	0.00%	20.00%	25.00%	22.50%	15.00%	15.00%	15.00%	30.00%	30.00%	25.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

General – Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	40.00%
50	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
51	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
52	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
53	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
54	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	30.00%
55	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	6.00%	40.00%	25.00%
56	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	6.00%	40.00%	25.00%
57	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.00%	6.00%	40.00%	25.00%
58	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.00%	6.00%	40.00%	25.00%
59	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.00%	6.00%	40.00%	25.00%
60	0.00%	7.00%	8.00%	9.00%	9.50%	20.00%	20.00%	30.00%	40.00%	25.00%
61	0.00%	7.00%	8.00%	9.00%	9.50%	35.00%	35.00%	30.00%	35.00%	25.00%
62	0.00%	10.00%	16.00%	17.00%	20.00%	35.00%	35.00%	30.00%	35.00%	30.00%
63	0.00%	10.00%	16.00%	17.00%	20.00%	35.00%	35.00%	30.00%	35.00%	30.00%
64	0.00%	10.00%	16.00%	17.00%	20.00%	35.00%	35.00%	30.00%	35.00%	30.00%
65	0.00%	20.00%	25.00%	30.00%	30.00%	30.00%	35.00%	30.00%	35.00%	30.00%
66	0.00%	20.00%	25.00%	30.00%	30.00%	30.00%	35.00%	35.00%	35.00%	30.00%
67	0.00%	15.00%	25.00%	30.00%	30.00%	30.00%	35.00%	35.00%	35.00%	30.00%
68	0.00%	15.00%	20.00%	22.50%	30.00%	30.00%	35.00%	25.00%	35.00%	25.00%
69	0.00%	15.00%	20.00%	22.50%	25.00%	25.00%	35.00%	25.00%	35.00%	25.00%
70	0.00%	15.00%	20.00%	22.50%	25.00%	25.00%	35.00%	25.00%	30.00%	30.00%
71	0.00%	17.50%	20.00%	22.50%	25.00%	25.00%	20.00%	25.00%	30.00%	30.00%
72	0.00%	17.50%	20.00%	22.50%	25.00%	25.00%	20.00%	25.00%	30.00%	30.00%
73	0.00%	12.50%	20.00%	17.50%	20.00%	20.00%	20.00%	25.00%	30.00%	30.00%
74	0.00%	12.50%	20.00%	17.50%	20.00%	20.00%	20.00%	25.00%	30.00%	30.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Other – Male:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
50	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	50.00%	50.00%
51	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	50.00%	50.00%
52	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	50.00%	50.00%
53	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	30.00%	50.00%
54	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	30.00%	50.00%
55	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	30.00%
56	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
57	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
58	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
59	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
60	0.00%	8.00%	7.00%	10.00%	9.00%	20.00%	20.00%	20.00%	30.00%	27.50%
61	0.00%	8.00%	7.00%	10.00%	12.50%	20.00%	20.00%	20.00%	30.00%	27.50%
62	0.00%	12.50%	20.00%	25.00%	28.00%	35.00%	35.00%	35.00%	30.00%	27.50%
63	0.00%	12.50%	15.00%	17.50%	22.00%	27.50%	27.50%	27.50%	30.00%	27.50%
64	0.00%	12.50%	15.00%	17.50%	19.00%	27.50%	27.50%	27.50%	30.00%	27.50%
65	0.00%	10.00%	25.00%	25.00%	30.00%	30.00%	27.50%	27.50%	25.00%	27.50%
66	0.00%	22.50%	25.00%	27.50%	25.00%	25.00%	30.00%	30.00%	25.00%	35.00%
67	0.00%	10.00%	25.00%	27.50%	17.50%	17.50%	30.00%	30.00%	25.00%	35.00%
68	0.00%	10.00%	25.00%	30.00%	20.00%	20.00%	30.00%	30.00%	25.00%	35.00%
69	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	30.00%	30.00%	25.00%	35.00%
70	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	30.00%	30.00%	25.00%	35.00%
71	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	25.00%	25.00%	25.00%	35.00%
72	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	17.50%	17.50%	25.00%	35.00%
73	0.00%	25.00%	25.00%	25.00%	22.50%	22.50%	17.50%	17.50%	25.00%	35.00%
74	0.00%	25.00%	25.00%	25.00%	22.50%	22.50%	17.50%	17.50%	25.00%	35.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Other – Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	50.00%
50	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	40.00%	50.00%
51	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	40.00%	50.00%
52	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	40.00%	50.00%
53	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	30.00%	35.00%
54	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	30.00%	30.00%
55	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	6.00%	6.00%	30.00%	30.00%
56	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
57	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
58	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
59	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
60	0.00%	7.00%	9.00%	10.00%	10.00%	30.00%	30.00%	30.00%	37.50%	30.00%
61	0.00%	7.00%	9.00%	10.00%	10.00%	30.00%	30.00%	30.00%	37.50%	30.00%
62	0.00%	12.50%	20.00%	22.50%	22.50%	30.00%	30.00%	30.00%	37.50%	35.00%
63	0.00%	12.50%	20.00%	20.00%	20.00%	30.00%	30.00%	30.00%	37.50%	35.00%
64	0.00%	12.50%	20.00%	20.00%	20.00%	30.00%	30.00%	30.00%	30.00%	35.00%
65	0.00%	17.50%	25.00%	25.00%	30.00%	30.00%	35.00%	35.00%	30.00%	35.00%
66	0.00%	17.50%	25.00%	25.00%	30.00%	30.00%	35.00%	35.00%	30.00%	35.00%
67	0.00%	15.00%	25.00%	25.00%	30.00%	30.00%	35.00%	35.00%	20.00%	35.00%
68	0.00%	15.00%	20.00%	22.50%	30.00%	30.00%	27.50%	27.50%	20.00%	35.00%
69	0.00%	15.00%	20.00%	22.50%	30.00%	30.00%	27.50%	27.50%	20.00%	35.00%
70	0.00%	15.00%	20.00%	22.50%	20.00%	20.00%	27.50%	27.50%	20.00%	35.00%
71	0.00%	15.00%	17.50%	22.50%	20.00%	20.00%	27.50%	27.50%	20.00%	35.00%
72	0.00%	15.00%	17.50%	22.50%	20.00%	20.00%	25.00%	25.00%	20.00%	35.00%
73	0.00%	15.00%	17.50%	20.00%	20.00%	20.00%	25.00%	25.00%	20.00%	35.00%
74	0.00%	15.00%	17.50%	20.00%	20.00%	20.00%	25.00%	25.00%	20.00%	35.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Law Enforcement – Male and Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	90.00%	80.00%
50-54	0.00%	0.00%	0.00%	4.00%	5.00%	5.00%	90.00%	80.00%
55	0.00%	20.00%	20.00%	35.00%	35.00%	50.00%	90.00%	65.00%
56	0.00%	20.00%	20.00%	17.50%	30.00%	25.00%	90.00%	65.00%
57	0.00%	10.00%	20.00%	17.50%	30.00%	25.00%	90.00%	65.00%
58	0.00%	15.00%	20.00%	17.50%	30.00%	25.00%	90.00%	65.00%
59	0.00%	10.00%	20.00%	17.50%	30.00%	25.00%	90.00%	50.00%
60	0.00%	10.00%	20.00%	12.50%	25.00%	25.00%	50.00%	50.00%
61	0.00%	10.00%	20.00%	12.50%	25.00%	25.00%	50.00%	50.00%
62	0.00%	15.00%	45.00%	12.50%	25.00%	25.00%	50.00%	50.00%
63	0.00%	15.00%	45.00%	12.50%	25.00%	25.00%	50.00%	50.00%
64	0.00%	15.00%	45.00%	12.50%	25.00%	25.00%	50.00%	50.00%
65	0.00%	15.00%	45.00%	25.00%	25.00%	25.00%	50.00%	50.00%
66	0.00%	20.00%	45.00%	25.00%	25.00%	25.00%	50.00%	50.00%
67-74	0.00%	25.00%	15.00%	25.00%	25.00%	25.00%	25.00%	50.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The eligibility for retirement is determined as of the timing of the assumed decrement (middle of year), rather than as of the anniversary of the Valuation Date (the beginning of year). This creates assumed retirements for participants with 4.5, 24.5, and 29.5 years of service as of the anniversary of the Valuation Date.

Inactive vested retirement expected enrollment age

Age 55 with 20 or more years of service; age 63 with 5 or more years of service, but less than 20 years of service

Section 3: Supporting Information

Missing participant data

Actives and terminated vested who do not have plan codes are assumed to be enrolled in plans based on enrollment assumptions.

Missing, invalid, or unreasonable dates of birth are assumed an average value of the group. Invalid gender codes are replaced with the default of male.

Any other missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.

Participation and coverage election

100% of employees eligible to retire and receive subsidized postretirement health coverage were assumed to elect medical and prescription drug coverage. All participants are assumed to be enrolled in plans based on enrollment assumptions.

Dependents

Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be four years older than their wives. 10% of future retirees who elect to continue their health coverage at retirement were assumed to have an eligible spouse who also opts for health coverage at that time.

Data adjustments

Since child records under split contract were reported as subscribers, we assumed retirees under age 27 were children.

For participants with both an active and terminated vested records, the active record was maintained. For participants with multiple active records from different employers, service was merged, earliest provided membership date was used to determine pre-2006 vs post-2006 status, and (if applicable), the teacher record was used to determine assumptions and plan provisions.

Matching spouses of retirees to retirees when they were covered under split contracts (one Medicare eligible and the other not) was problematic. Additionally, surviving spouses who are not receiving survivor benefits under the retirement plan were not readily distinguishable from retirees. We believe that there are spouses of retirees that we have valued as retirees without paying the spouse premium. No adjustment has been made to the valuation liabilities.

Section 3: Supporting Information

Per capita cost development

Medical and Prescription Drug: Per capita claims costs were based on actual incurred claim experience for the periods January 1, 2021, through December 31, 2023. 2021 claims were adjusted for COVID-19 impact by a factor of -0.78% for medical. Medical claims for 2023 were further adjusted by a factor of 1.89% to account for claims incurred in 2023 but not yet processed through March 2024. Drug claims for 2021/2022/2023 were also adjusted by -1.50%/-1.48%/-0.99% for the performance guarantees received in March 2022, 2023, and 2024. Claims were separated by Medicare and Non-Medicare participants, then adjusted as follows:

- Total claims were divided by the number of adult members to yield a per capita claim
- The per capita claim was trended to the midpoint of the valuation year at assumed trend rates
- The per capita claim was adjusted for the effect of any plan changes
- Prescription drug claims were adjusted to reflect initial PBM contract savings
- Actuarial factors were then applied to the per capita claims to estimate individual retiree and spouse costs by age and by gender.

Medicare Advantage plans were valued by actuarially adjusting the insured premium rates by age and gender.

Administrative Expenses: Administrative expenses were based on a recent quarterly projection prepared by Segal, using detailed administrative expense data provided by the State.

Section 3: Supporting Information

Per capita health costs (2024)

Non-Medicare Retiree and Spouse

Age	70/30 Medical Male	70/30 Medical Female	80/20 Medical Male	80/20 Medical Female	70/30 Rx Male	70/30 Rx Female	80/20 Rx Male	80/20 Rx Female
50	\$6,962	\$7,352	\$10,168	\$10,736	\$1,766	\$1,865	\$2,119	\$2,828
55	7,857	7,981	11,473	11,655	1,993	2,025	2,700	3,184
60	9,046	8,651	13,210	12,634	2,295	2,195	3,523	3,671
65	11,543	9,587	16,857	14,001	2,928	2,432	4,779	4,414
70	12,964	10,725	18,932	15,663	3,289	2,721	5,367	4,938
75	14,321	11,275	20,914	16,466	3,633	2,860	5,929	5,191
80	14,995	12,035	21,899	17,576	3,804	3,053	6,208	5,541

Medicare Retiree and Spouse

Age	MA Base Male	MA Base Female	MA Enhanced Male	MA Enhanced Female	70/30 Medical Male	70/30 Medical Female	70/30 Rx Male	70/30 Rx Female
50	\$0	\$0	\$479	\$505	\$654	\$691	\$1,834	\$1,936
55	0	0	540	549	738	750	2,069	2,102
60	0	0	622	595	850	813	2,382	2,278
65	0	0	793	659	1,085	901	3,040	2,525
70	0	0	891	737	1,218	1,008	3,414	2,824
75	0	0	984	775	1,346	1,060	3,771	2,969
80	0	0	1,031	827	1,409	1,131	3,949	3,169

Section 3: Supporting Information

Health care cost trend rates

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

Year Ending Dec 31	Medical Self-Funded	Prescription Drug	Prescription Drug Rebates	Medicare Advantage	Admin
2024	6.50%	10.00%	7.00%	N/A	3.00%
2025	6.25%	9.50%	7.00%	32.22%	3.00%
2026	6.00%	9.00%	7.00%	83.30%	3.00%
2027	5.75%	8.50%	7.00%	26.65%	3.00%
2028	5.50%	8.00%	7.00%	6.17%	3.00%
2029	5.25%	7.50%	7.00%	5.97%	3.00%
2030	5.00%	7.00%	7.00%	5.75%	3.00%
2031	5.00%	6.50%	6.50%	5.52%	3.00%
2032	5.00%	6.00%	6.00%	5.40%	3.00%
2033	5.00%	5.00%	5.00%	5.27%	3.00%
2034 & later	5.00%	5.00%	5.00%	5.00%	3.00%

The trend rate assumptions were based on the trends consistent with the Quarterly Financial Projections and were developed using Segal’s internal guidelines. The guidelines are established each year using data sources such as the 2024 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Adjustments to the base trends above were made as follows:

- Medical trend for 2025 was adjusted by -0.5% to reflect the estimated savings from Aetna starting in 2025.
- MA Base/Enhanced premiums are assumed to be \$33/\$96 for year 2025, under the Inflation Reduction Act. Rates are assumed to increase to \$114/\$187 in year 2026, and \$159/\$233 in year 2027.

Section 3: Supporting Information

- Net prescription drug trend rates for 2024 through 2028, including claims, rebates, and PBM contract savings, are 4.00%, 11.30%, 10.80%, 9.60%, and 8.70%.
- Administrative trends for 2024-2026 were adjusted for assumed additional administrative costs for new PBM contract in 2023 and for new Aetna TPA contract starting in 2025.

Medicare Part D subsidy assumptions

GASB guidelines prohibit the offset of OPEB obligations by the future value of Medicare Part D subsidies. Therefore, these calculations do not include an estimate for retiree prescription drug plan federal subsidies that the North Carolina State Health Plan may be eligible to receive.

Retiree contribution increase rate

2024 trend on contributions was adjusted to projected 2024 contribution rates, including anticipated wellness credits and enrollment migration. A monthly contribution of \$4 was assumed for spouses and contributory retirees in the MA Base plan for years in which the premium is \$0. Retiree/spouse contributions for the 80/20 and 70/30 plans were assumed to remain flat for five years. Employer contributions are assumed to change over the next five years in accordance with contribution expectations projected by the State. Beyond that point, retiree contributions for medical and prescription drugs were assumed to increase at the same blended trend rate as medical and prescription drug cost. After 10 years, all contributions are assumed to increase at ultimate trend of 5.0%.

Assumption for Tobacco Attestation

The percentage of participants in the 80/20 Plan that complete a Tobacco Attestation is assumed to be 99.7% in all years.

Administrative expenses

Administrative expense loads of \$263 per participant (retiree and spouse) for non-Medicare retiree and of \$77 for Medicare retirees (blended MA & non-MA), increasing at 3.0% per year thereafter were added to projected incurred claims cost in developing the benefit obligations. The additional prescription drug administrative expenses to account for the new PBM contract are included.

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit C.

Section 3: Supporting Information

Maximum benefits

There are no annual or lifetime maximum benefits assumed.

Plan enrollment assumptions

Based on most recent financial report: Plan Enrollment Assumptions are valued by adjusting the trend for 2024-2027 for enrollment migration.

Non-Medicare Retiree

Plan	2024	2025	2026	2027
80/20 Plan	42.8%	42.3%	41.8%	41.3%
70/30 Plan	57.2%	57.7%	58.2%	58.7%

Medicare Retiree

Plan	2024	2025	2026	2027
MA Base	74.0%	75.0%	75.0%	75.0%
MA Enhanced	8.5%	10.0%	10.0%	10.0%
70/30 Plan	17.5%	15.0%	15.0%	15.0%

Models

Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility, and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 3: Supporting Information

The results are also based on models for cost projections developed by Segal actuaries and programmers. The client team customizes and validates the models, and reviews the results, under the supervision of the responsible actuary.

Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

Assumption changes since prior valuation

- The discount rate was updated, changing from 3.65% to 3.93%, based on changes in the Bond Buyer 20-year GO index rate, as selected by the State's OPEB Valuation Committee.
- The medical and prescription drug claims cost was changed based on the most recent experience.
- Medical and prescription drug trend rates were changed to current schedule.
- Enrollment assumptions were updated to model expected migrations among plan options over the next four years.
- The percentage of new smokers was updated to reflect current experience.
- The Medicare Advantage Prescription Drug (MA-PD) rates were updated.
- Employer contribution rates through 2029 were updated based on rates projected by the State.

Section 3: Supporting Information

Exhibit C: Summary of plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility

Participants in the North Carolina State Health Plan for Teachers and State Employees who retire from the State, the University of North Carolina System, community colleges, local school systems, and certain other component units are eligible to continue to participate in the State Health Plan in retirement if they meet certain criteria. Employees hired on or after January 1, 2021, are not eligible for OPEB benefits.

Former employees who are eligible to receive medical benefits are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the Teachers' and State Employees' Retirement System (TSERS), the Consolidated Judicial Retirement system (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (UEORP), and a small number of local governments. General retirement requirements are as follows:

Law Enforcement Officer:

- age 50 and 15 years of service;
- age 55 and 5 years of service; or
- any age with 25 or more years of service.

All Others:

- age 50 and 20 years of service;
- age 60 and 5 years of service; or
- any age with 30 or more years of service.
- Members achieve vesting at any age with 5 years of service. Members who separate from service after becoming vested and do not withdraw their contributions from the Retirement System may later retire (and enroll in the plan) once they have attained the retirement eligibility age.

Section 3: Supporting Information

Benefit types:

70/30 and 80/20 Plans are offered to non-Medicare participants, and the 70/30 Plan, Medicare Advantage Base (MA Base) and Medicare Advantage Enhanced (MA Enhanced) plans are offered to Medicare eligible participants. Coverage under 70/30 Plan becomes secondary when former employees become eligible for Medicare.

Duration of coverage:

Lifetime for retirees and dependents

Dependent benefits:

Same as retirees

Section 3: Supporting Information

Retiree contributions:

Monthly contributions, effective January 1, 2024, are shown below.

For Retirees hired prior to October 1, 2006 (February 1, 2007, for legislators):

Non-Medicare

Category	70/30 Plan	80/20 Plan Tobacco Attest. Not Complete	80/20 Plan Tobacco Attest. Complete
Retiree	\$0.00	\$110.00	\$50.00
Spouse	\$590.00	\$650.00	\$650.00

Medicare

Category	70/30 Plan	MA Base	MA Enhanced
Retiree	\$0.00	\$0.00	\$73.00
Spouse	\$425.00	\$4.00	\$73.00

For Retirees hired on or after October 1, 2006 (February 1, 2007, for legislators), contributions are defined as a percentage of the total premium costs based on the following service-based schedule:

Years of Service at Retirement	Retiree Contribution Percentage	Spouse Contribution Percentage
5 – 9.99	100%	100%
10 – 19.99	50%	100%
20 or more	0%	100%

Section 3: Supporting Information

100% and 50% of the total premium costs are shown below:

Non-Medicare

Category	70/30 Plan	80/20 Plan Tobacco Attest. Not Complete	80/20 Plan Tobacco Attest. Complete
Retiree (100% of Premium)	\$448.74	\$558.74	\$498.74
Retiree (50% of Premium)	\$224.37	\$334.37	\$274.37
Spouse	\$590.00	\$650.00	\$650.00

Medicare

Category	70/30 Plan	MA Base	MA Enhanced
Retiree (100% of Premium)	\$448.74	\$4.00	\$73.00
Retiree (50% of Premium)	\$224.37	\$4.00	\$73.00
Spouse	\$425.00	\$4.00	\$73.00

Section 3: Supporting Information

Benefit descriptions PPO 70/30 Plan (as of January 1, 2024):

PPO 70/30 Plan	In-Network	Out-Of-Network
Medical		
• Annual Deductible	\$1,500/\$4,500	\$3,000/\$9,000
• Member Coinsurance	30%	50%
• Out-of-Pocket Maximum	\$5,900/\$16,300	\$11,800/\$32,600
• Primary Care Office Visit Co-pay	\$45 (\$30/\$0 when using PCP/CCP PCP on ID card)	Deductible & Coinsurance
• Specialist Office Visit Co-pay	\$94 (\$47 when using CPP Specialist)	Deductible & Coinsurance
• Preventive Care	\$0	N/A
• Urgent Care Co-pay	\$100	\$100
• Inpatient Hospitalization Co-pay	\$337 + Deductible & Coinsurance	\$337 + Deductible & Coinsurance
• Outpatient Hospitalization Co-pay	Deductible & Coinsurance	Deductible & Coinsurance
• Emergency Room	\$337 + Deductible & Coinsurance	same as In-Network
• Physical, Occupational, Speech, or Chiropractic Therapy	\$72 (\$36 when using CPP Provider)	Deductible & Coinsurance
• Mental Health and Substance Abuse Office Visit Co-pay	\$45	Coinsurance
Prescription Drugs¹		
• Tier 1 - Generic	\$16	\$16
• Tier 2 - Preferred Brand	\$47	\$47
• Tier 3 - Non-Preferred Brand	Deductible & Coinsurance	Deductible & Coinsurance
• Tier 4 - Generic Specialty	\$200	\$200
• Tier 5 - Preferred Specialty	\$350	\$350
• Tier 6 - Non-Preferred Specialty	Deductible & Coinsurance	Deductible & Coinsurance
• Preferred diabetic testing supplies	\$10	\$10
• Non-Preferred diabetic testing supplies	Deductible & Coinsurance	Deductible & Coinsurance
• Out-of-Pocket Maximum	Combined with Medical	Combined with Medical

¹ Up to 30-day supply – copays are 2x for 31–60 day supply and 3x for 61-90 day supply

Section 3: Supporting Information

Benefit descriptions PPO 80/20 Plan (as of January 1, 2024):

PPO 80/20 Plan	In-Network	Out-Of-Network
Medical		
• Annual Deductible	\$1,250/\$3,750	\$2,500/\$7,500
• Member Coinsurance	20%	40%
• Out-of-Pocket Maximum	\$4,890/\$14,670	\$9,780/\$29,340
• Primary Care Office Visit Co-pay	\$25 (\$10/\$0 when using PCP/CCP PCP on ID card)	Deductible & Coinsurance
• Specialist Office Visit Co-pay	\$80 (\$40 when using CPP Specialist)	Deductible & Coinsurance
• Preventive Care	\$0	N/A
• Urgent Care Co-pay	\$70	\$70
• Inpatient Hospitalization Co-pay	\$300 + Deductible & Coinsurance	\$300 + Deductible & Coinsurance
• Outpatient Hospitalization Co-pay	Deductible & Coinsurance	Deductible & Coinsurance
• Emergency Room	\$300 + Deductible & Coinsurance	same as In-Network
• Physical, Occupational, Speech, or Chiropractic Therapy	\$52 (\$26 when using CPP Provider)	Deductible & Coinsurance
• Mental Health and Substance Abuse Office Visit Co-pay	\$25	Coinsurance
Prescription Drugs¹		
• Tier 1 - Generic	\$5	\$5
• Tier 2 - Preferred Brand	\$30	\$30
• Tier 3 - Non-Preferred Brand	Deductible & Coinsurance	Deductible & Coinsurance
• Tier 4 - Generic Specialty	\$100	\$100
• Tier 5 - Preferred Specialty	\$250	\$250
• Tier 6 - Non-Preferred Specialty	Deductible & Coinsurance	Deductible & Coinsurance
• Preferred diabetic testing supplies	\$5	\$5
• Non-Preferred diabetic testing supplies	Deductible & Coinsurance	Deductible & Coinsurance
• Out-of-Pocket Maximum	Combined with Medical	Combined with Medical

¹ Up to 30-day supply – copays are 2x for 31-60 day supply and 3x for 61-90 day supply

Section 3: Supporting Information

Benefit descriptions Medicare Advantage Plans (as of January 1, 2024):

Medicare Advantage	MA-PDP Base	MA-PDP Enhanced
Medical		
• Annual Deductible	\$0	\$0
• Member Coinsurance	20%	20%
• Out-of-Pocket Maximum	\$4,000	\$3,300
• Primary Care Office Visit Co-pay	\$20	\$10
• Specialist Office Visit Co-pay	\$40	\$35
• Preventive Care	\$0	\$0
• Urgent Care Co-pay	\$50	\$40
• Inpatient Hospitalization Co-pay	Days 1-10: \$160/day; Days 11+: \$0	Days 1-10: \$125/day; Days 11+: \$0
• Outpatient Hospitalization Co-pay	\$125	\$100
• Emergency Room Co-pay	\$65	\$65
• Physical, Occupational, Speech, or Chiropractic Therapy	\$20	\$20
• Mental Health and Substance Abuse Office Visit Co-pay	\$20	\$10
Prescription Drugs		
• Retail (up to 31-day supply)		
– Tier 1 - Preferred Generic	\$10	\$10
– Tier 2 - Preferred Brand	\$40	\$40
– Tier 3 - Non-Preferred	\$64	\$50
– Tier 4 - Specialty	25% coinsurance, \$100 max.	25% coinsurance, \$100 max.
– Out-of-Pocket Maximum	\$2,500	\$2,500
• Mail Order (up to 90-day supply)		
– Tier 1 - Preferred Generic	\$24	\$24
– Tier 2 - Preferred Brand	\$80	\$80
– Tier 3 - Non-Preferred	\$128	\$100
– Tier 4 - Specialty	25% coinsurance, \$300 max.	25% coinsurance, \$200 max.
– Out-of-Pocket Maximum	\$2,500	\$2,500

Section 3: Supporting Information

Plan Changes since Prior Valuation:

Effective January 1, 2024, new prescriptions of GLP-1 AOM were no longer covered and effective April 1, 2024, all coverage of GLP-1 AOM ceased.

Section 3: Supporting Information

Exhibit D: Definition of terms

Definitions of certain terms as they are used in Statement 75. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: <ol style="list-style-type: none"> Investment return — the rate of investment yield that the Plan will earn over the long-term future; Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; Retirement rates — the rate or probability of retirement at a given age; Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: <ol style="list-style-type: none"> the actuarial present value of projected benefit payments projected to be funded by plan assets using a long-term rate of return, and the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health care cost trend rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Market Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.

Section 3: Supporting Information

Term	Definition
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 Statement No. 74.
Valuation date:	The date at which the actuarial valuation is performed

Section 3: Supporting Information

Exhibit E: Accounting requirements

The Governmental Accounting Standards Board (GASB) issued Statement Number 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and Statement Number 75 – Accounting and Financial Reporting for Employers for Postemployment Benefit Plans Other Than Pensions. Under this statement, all state and local government entities that provide other post-employment benefits are required to report the cost of these benefits on their financial statements. The accounting standards supplement cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (i.e., a pay-as-you-go basis).

The statements cover postemployment benefits of medical, prescription drugs, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in Exhibit C of Section 3, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translates into benefit limits on the substantive plan being valued.

The new standards prescribe an accrual-basis accounting requirement, thereby recognizing the employer cost of postemployment benefits over an employee’s career. The standards also prescribe a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit B of Section 3. This amount is then discounted to determine the Total OPEB Liability. The Net OPEB Liability (NOL) is the difference between the Total OPEB Liability and market value of assets in the Plan, called the Plan Fiduciary Net Position.

Once the NOL is determined, the annual OPEB expense is determined as the change in NOL from the prior year with deferred recognition of certain elements. In addition, Required Supplementary Information (RSI) must be reported, including historical information about the Net OPEB Liability and the contributions made to the Plan. Exhibit D of Section 3 contains a definition of terms as well as more information about GASB 74 concepts.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

Section 3: Supporting Information

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.