Washington State

2024
Public Employees Benefits Board Other Postemployment Benefits Actuarial Valuation Report

Office of the State Actuary
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ACKNOWLEDGEMENTS

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Actuarial Certification Letter
PEBB OPEB Actuarial Valuation Report

July 2025

This report documents the results of an actuarial valuation of the employer-provided subsidies offered to retirees and their spouses in the Public Employee Benefits Board's (PEBB) medical plans. The primary purpose of this valuation is to determine the state's Other Postemployment Benefits (OPEB) liability, which includes Washington State agencies and higher education employers. We calculated this liability as of June 30, 2024, in conformity with the Governmental Accounting Standards Board Statement No. 75 (GASB 75) financial reporting requirements. Please replace this report with a future valuation when available.

We prepared the GASB 75 information contained in this report for the Office of Financial Management's (OFM) *2025 Annual Comprehensive Financial Report* (ACFR). This valuation should not be used for other purposes. Local employers should not use this report to satisfy their individual reporting requirements under GASB 75. The Office of the State Actuary (OSA) created an online tool to help eligible employers calculate their GASB 75 reporting requirements. This online tool, available on our website, utilizes the Alternative Measurement Method (AMM) as allowed under GASB 75.

The Health Care Authority (HCA) provided the data, as of June 30, 2024, used in this report. We have checked the data for reasonableness, but an audit of the participant data was not performed. Except as noted in the next paragraph, we relied on all the information provided as complete and accurate. In our opinion, the data is adequate and complete for the purpose of this valuation. For more information on the census data, please see the **Participant Data** section of the report.

The demographic assumptions used in this valuation were developed in our *2023 PEBB OPEB Demographic Experience Study.* As part of that study, assumptions were added to model certain limitations in the participant data we receive from HCA. These constraints within the data ensure we meet data security agreements between our agencies. We believe this approach is reasonable for purposes of this valuation.

The non-healthcare economic assumptions used in this valuation are consistent with our *June 30, 2023, Actuarial Valuation Report* (AVR) for the pension plans administered by the Department of Retirement Systems and our *2023 Economic Experience Study.* In addition, since there is no established trust fund dedicated to these benefits, we relied on the Bond Buyer General Obligation 20-Bond Municipal Index at the measurement date for the discount rate; specifically, we updated the discount rate from 3.65% as of June 30, 2023, to 3.93% as of June 30, 2024.

The healthcare assumptions used for this valuation were provided by Milliman through a contract with HCA. Robert Schmidt and Janet Jennings, healthcare actuaries from Milliman's office in Boise, Idaho, provided these assumptions in a letter to HCA dated December 23, 2024. OSA does not employ healthcare actuaries, so we are not qualified to develop or assess the reasonableness of these assumptions. However, when needed, we had discussions with HCA, OFM, and Milliman about the healthcare assumptions to understand how they were determined, ensure consistency with the other economic assumptions, and clarify what may have caused the assumptions to change from the prior valuation. We also reviewed the relationship between the claims and premiums to ensure these assumptions are reasonable for purposes of this report.

The valuation results summarized in this report require assumptions about future economic and demographic events. 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; changes in plan provisions or applicable law, including cost-sharing between employers and retirees.

We believe that the data, assumptions, and methods used in this valuation are reasonable and appropriate for the primary purpose stated above. The use of another set of data, assumptions, and methods, however, could also be reasonable and could produce materially different results. In our opinion, all data, assumptions, and methods are appropriate and conform to generally accepted actuarial principles and Actuarial Standards of Practice as of the date of this publication.

We relied on the ProVal® software developed by Winklevoss Technologies to perform this valuation. To assess the general operation of this model, we reviewed the output for reasonableness; this includes comparing the results to our simplified estimates performed in Microsoft Excel and examining sample lives to confirm the programming is working as intended. We are not aware of any known weaknesses or limitations of the model that have a material impact on the results. Additionally, we considered how the use of different inputs to the model (e.g., data/assumptions/provisions) produce different results and evaluated the relative impacts to our expectations; this allows us to gain a deeper knowledge of the model's important dependencies and major sensitivities. The use of the model for this analysis is appropriate given it's intended purpose.

The undersigned, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this report is intended to be complete, our office is available to answer questions as needed.

Michael T. Harbour

Michael T. Harbour, ASA, MAAA
Actuary

Kyle Stineman, ASA, MAAA
Actuary

I. KEY RESULTS

This section summarizes some key GASB 75 results since the prior valuation for the state, which includes Washington State agencies and higher education employers. For GASB 75, the Actuarial Accrued Liability under the Entry Age Normal (EAN) cost method is referred to as the Total OPEB Liability (TOL).

How has the Liability Changed?

GASB 75 Key Results		
	Measurement Date	
(Dollars in Thousands)	6/30/2023	6/30/2024
TOL	$4,374,195	$4,375,974
OPEB Expense	(159,410)	(98,243)
Benefit Payments (Employer Contributions)	($107,219)	($110,225)

Why the Liability Changed Since the Last Measurement

A change in liability occurs between measurement dates due to: (1) passage of time; (2) unexpected changes in experience; and (3) other significant changes in plan provisions, actuarial assumptions, and methods. In total, the liability increased by less than 1% since the prior valuation[1].

Liabilities generally increase from one measurement date to the next because of increases in both participants and the cost of benefits.

An unexpected change in experience occurs when actual demographic experience differs from what we expected in the valuation. Updated participant data is reflected every two years and a change in liability will emerge as a result of the actual data. In this case, the actual experience increased liabilities by approximately 2%.

Other changes, such as assumption and method changes, can have significant impacts on the liabilities of the plan. The change to non-healthcare economic assumptions decreased liabilities for this valuation by approximately 4% and the change to healthcare assumptions decreased liabilities by approximately 4%.

The above summary is not intended to cover every change. Please see the **Gain/Loss Analysis** section for a more detailed analysis.

GASB 75 Tables for Measurement Date June 30, 2024

The primary purpose of this valuation is to determine the state's OPEB liability under the GASB 75 financial reporting requirements. The tables within this section meet the GASB 75 requirements and we intend for the tables to be used by OFM in their 2025 ACFR. GASB 75 also requires disclosing information about assumptions and methods, which can be found in the **Assumptions** section.

The following table shows the TOL as of June 30, 2023, and June 30, 2024, and it reconciles the change in the TOL as required under GASB 75. Two notable sources of

[1] *2023 PEBB OPEB Actuarial Valuation*.

volatility between measurement dates are the Differences Between the Expected and Actual Experience and the Changes in Assumptions.

Schedule of Changes in Total PEBB OPEB Liability and Related Ratios	
Measurement Date of June 30, 2024 *(Dollars in Thousands)*	
Change in TOL	
Service Cost	$141,978
Interest	162,847
Difference Between Expected and Actual Experience*	83,324
Changes in Benefit Terms	95,558
Changes of Assumptions*	(371,704)
Benefit Payments**	(110,225)
Other	0
Net Change in TOL	**$1,779**
Beginning and Ending TOL	
TOL – Beginning	$4,374,195
TOL – Ending	**$4,375,974**
TOL as a Percentage of Covered Payroll	
Covered Employee Payroll**	$11,954,877
TOL as a Percentage of Covered Payroll	36.6%

Note: Figures may not total due to rounding.
**The recognition period for these changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.*
***Source: OFM.*

The reconciliation of the TOL from one year to the next is also used to calculate the components of the OPEB Expense table.

- **Expenses Immediately Recognized –** The Service Cost, Interest Cost, Changes in Benefit Terms, and Other cost line items are taken directly from the TOL reconciliation.
- **Expenses Recognized over Fixed Period of Time –** The Difference Between Expected and Actual Experience cost, and the Changes of Assumptions cost, are amortized (or recognized) over a fixed period of time. Under GASB 75, that time period equals the average of the expected remaining service lives of all active and inactive members that are provided with OPEB through the OPEB plan (nine years as of the current measurement date).

OPEB Expense for Measurement Date of June 30, 2024 *(Dollars in Thousands)*	
Service Cost	$141,978
Interest Cost	162,847
Amortization of Differences Between Expected and Actual Experience	11,819
Amortization of Assumptions Changes	(510,445)
Changes in Benefit Terms	95,558
Other Changes in Fiduciary Net Position	0
Total OPEB Expense	**($98,243)**

The remaining portion of The Difference Between Expected and Actual Experience, as well as Assumption Changes, that have not been recognized will be deferred to future OPEB Expense tables. The following table provides the total Deferred Outflows and Deferred Inflows of Resources.

(Dollars in Thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$118,347	$110,318
Changes of Assumptions	220,280	2,418,070
Transactions Subsequent to the Measurement Date*	0	0
Total	**$338,627**	**$2,528,387**

Note: Deferred Outflows will increase future OPEB Expense and Deferred Inflows will decrease future OPEB Expense.
**OFM is the source of the Transactions Subsequent to the Measurement Date. Please see the 2025 ACFR.*

The amount of Deferred Outflows and Deferred Inflows of resources that will be recognized in future OPEB Expense is summarized in the following table. It provides the net impact to OPEB Expense annually over the next five years and combines the impact beyond five years.

Subsequent Years *(Dollars in Thousands)*	
2026	($498,626)
2027	(398,355)
2028	(266,043)
2029	(308,223)
2030	(319,784)
Thereafter	($398,729)

Note: Negative deferral reflects greater future inflows than outflows.

A single point estimate is only the start of understanding the TOL. The accuracy of this estimate relies on future economic and demographic experience matching the underlying assumptions. Thus, it is important to understand what will happen if the economic and demographic experience is different than assumed. To help assess the sensitivity of the assumptions used in this report, GASB 75 requires analysis of the impact of changing the Healthcare Trend and Discount Rate assumptions by 100 basis points. As additional education, we also consider the impact of varying the Participation Percentage assumption by 15% to show how results can change if less (or more) active participants elect to join PEBB at retirement.

TOL Sensitivity Analysis			
(Dollars in Thousands)	**Low Sensitivity***	**Current Assumption**	**High Sensitivity***
Healthcare Trend	$3,691,484	$4,375,974	$5,258,658
Discount Rate	$5,148,304	$4,375,974	$3,759,303
Participation Percentage	$3,733,779	$4,375,974	$5,018,168

**Healthcare Trend and Discount Rate increase or decrease the current assumption by 1% for the high and low sensitivity, respectively. The Participation Percentage varies the current assumption of 60% to 75% and 45% for the high and low sensitivity, respectively.*

We relied on data as of the June 30, 2024, valuation date and summarized the participant data for state PEBB employers below. The state PEBB employers include all Washington State agency and higher education employers.

GASB 75 Summary of Plan Participants	
Active Employees*	
Number	142,475
Average Age	44.9
Average Assumed Service	11.6
Retirees Receiving Benefits**	
Number	37,366
Average Age	75.3
Inactive Employees Entitled but Not Yet Receiving Benefits	
Number	***

**Reflects active employees eligible for PEBB program participation as of June 30, 2024.*

***Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.*

****HCA doesn't have data on this group for OSA to reasonably estimate the number of inactive members that may join PEBB in the future.*

II. BACKGROUND AND EXHIBITS

Background

Prior OPEB valuation reports contained a detailed background section. Since this information is largely consistent from year to year, we have moved it to OSAs website.

Actuarial Accrued Liability

The EAN cost method is the only actuarial cost method allowed under GASB 75 reporting requirements. The prescribed method allocates plan benefits so they are earned as a level percentage of pay throughout an employee's working lifetime. The liabilities under the EAN cost method are the employer's total accrued (or earned) liability from the subsidies offered through the PEBB plan. These liabilities are based on all service earned as of the valuation date.

The AAL under the EAN cost method is also referred to as the TOL in GASB 75. The following table shows the state's TOL as of the valuation date, June 30, 2024, grouped by current and future retirees. The table is broken into gross costs (total cost), cost sharing (retiree contributions), and net subsidy (gross cost minus cost sharing).

Total OPEB Liability *(Dollars in Thousands)*	
Gross Costs	
Actives (Future Retirees)	$9,533,434
Retirees	5,934,882
Gross Costs Total	**$15,468,317**
Cost Sharing (Retiree Contributions)	
Actives (Future Retirees)	$6,964,657
Retirees	4,127,686
Cost Sharing Total	**$11,092,343**
Net Subsidy = Gross Costs – Cost Sharing	
Actives (Future Retirees)	$2,568,778
Retirees	1,807,196
Net TOL as of 6/30/2024	**$4,375,974**

We estimate the explicit subsidy is approximately 90% of the TOL and the remaining 10% is the implicit subsidy.

Assets

Currently, Washington State does not pre-fund these OPEB subsidies and uses pay-as-you-go funding. Pay-as-you-go funding occurs when an employer chooses to contribute (pay) for benefits only when they occur or become due (after retirement).

Since the PEBB plan subsidies are paid for on a pay-as-you-go basis and there is no dedicated trust, the plan has no assets that are recognized under GASB 75.

Gain/Loss Analysis

The results of this report are based on assumptions about future economic and demographic events. It is important to understand how actual events differed from those assumptions. An event that causes the plan to cost less than expected is described as a gain to the plan. An event that causes the plan to cost more than expected is described as a loss to the plan. An analysis of the gains and losses shows what events are attributable to the change in expected cost of the plan.

The first table shows the development of the expected change in the TOL since the *2022 PEBB OPEB Report* (June 30, 2022, measurement date), which we began with as our starting point because data is updated every two years. Given this, we wanted to use a two-year period to capture how actual experience compared to what was expected the last time we updated our data.

During this two-year period, we expected the TOL to increase by approximately 8% for two reasons:

1. **Passage of Time –** Two years of interest increases costs since there are fewer years to discount future benefit payments. In addition, active members earn more service and become more likely to attain retirement eligibility which increases likelihood of receiving OPEB benefits (Service Cost). The TOL is also expected to decrease by the benefit payments paid out during the two years; however, the cost increases exceed benefit payments at this time.
2. **Change in Discount Rate Assumption –** The discount rate assumption was also updated for the June 30, 2023, measurement date as displayed in our 2023 valuation results. The June 30, 2023, valuation was a roll forward of the 2022 valuation.

Expected Change in TOL *(Dollars in Thousands)*	
6/30/2022 EAN Liability	**$4,248,263**
Service Cost	153,241
Interest	153,932
Benefit Payments	(107,219)
6/30/2023 Expected EAN Liability (a)	**$4,448,217**
Change to Discount Rate (b)	(74,022)
6/30/2023 EAN Liability (a + b)	**$4,374,195**
Service Cost	141,978
Interest	162,847
Benefit Payments	(110,225)
6/30/2024 Expected EAN Liability	**$4,568,795**
Expected Change in EAN Liability	**$320,533**

The June 30, 2024, TOL will change by more than just the expected change. The other two major sources of change are liability gain/loss and “other” changes. A liability gain/loss examines how new census data compares to what we expected. Other changes include plan changes, assumptions, and methods since the prior TOL (June 30, 2023, measurement date). The following table reconciles the total change in TOL from these sources.

Change in TOL by Source *(Dollars in Thousands)*	
6/30/2022 EAN Liability	**$4,248,263**
Expected Change in Liability	**$320,533**
Liability (Gain)/Loss	
Termination	($15,583)
Retirement*	(173,898)
Mortality	(72,741)
Disability	(3,261)
New Hires	398,433
Other Liabilities	(49,626)
Total Liability (Gains)/Losses	**$83,324**
Other Changes	
Plan Changes	$95,558
Economic Assumption Changes	(192,399)
Update Costs/Premiums	152,193
Update Healthcare Trends	(331,498)
Total Other Changes	**($276,146)**
Total Change	
Total Change	**$127,711**
6/30/2024 EAN Liability	**$4,375,974**

**Includes gain/loss based on actual experience relative to our current assumptions. This includes retirement behavior, participation in PEBB upon retirement, and spouse coverage, etc.*

New participant data is reflected every two years, so the Liability (Gain)/Loss contains two years of differences in experience. In total, the Liability (Gain)/Loss section increased TOL by approximately 2%. We observed liability gains primarily from fewer retirees joining PEBB than expected. These gains were offset by new hires (or members hired since the last update to data).

The Other Changes include adjustments to assumptions and methods since the prior measurement of June 30, 2023, and in total reduced TOL by approximately 6%. For consistency with the Schedule of Changes in TOL table, we summarize the percent changes in TOL since the prior measurement of June 30, 2023. They are shown below.

- **Plan Changes** – We updated our valuation software to reflect House Bill 1008 (Chapter 164, Laws of 2023) which provided eligible Public Employees' Retirement System (PERS) members a deferred option for joining PEBB. The TOL increased by about 2%from this law change because we expect more retirees will join PEBB in the future. This TOL increase is included as a “Changes in Benefit Terms” in the GASB 75 tables.
- **Economic Assumption Changes –** We updated the discount rate from 3.65% to 3.93% which decreased liabilities by approximately 4%.

- **Update Costs and Retiree Contributions –** We received new healthcare costs, retiree contributions, and aging factor assumptions from Milliman. Updating these assumptions increased liabilities by about 3%.
- **Update Healthcare Trends –** We received new assumptions for healthcare trends from Milliman. The updated healthcare trends decreased liabilities by approximately 8%.

Please note the June 30, 2023, TOL decrease from the change in discount rate was recognized as part of 2023 GASB reporting and does not impact the Schedule of Changes in TOL table found in this report.

III. PARTICIPANT DATA

The following table summarizes state data used in the actuarial valuation for the June 30, 2024, measurement date and how the demographics have changed since the *2022 PEBB OPEB Report*.

Change in State PEBB Plan Participation		
	2022	**2024**
Active Employees		
Total Number	128,393	142,475
Average Age	45.6	44.9
Average Assumed Service	12.1	11.6
Retirees and Spouses		
Total Number	52,153	52,211
Retirees and Surviving Spouses	37,135	37,366
Covered (Dependent) Spouses	15,018	14,845
Average Inactive Age	74.1	74.8
Average Retiree Age	74.7	75.3
Average Assumed Dependent Age	72.6	73.4
Average Monthly Subsidy	$198	$199

IV. ASSUMPTIONS

We use both economic and demographic assumptions to determine liabilities for this valuation. This section summarizes our assumptions.

Economic Assumptions

Economic assumptions are used in the actuarial valuation to determine liabilities and benefit payments in the future. For presentation purposes, they are shown separately for non-healthcare and healthcare.

The **non-healthcare** economic assumptions are summarized in the following table.

Non-Healthcare Economic Assumptions		
Discount Rate*	Beginning of Year (June 30, 2023)	3.65%
	End of Year (June 30, 2024)	3.93%
Inflation (National)**		2.40%
Salary Growth		3.25% plus Service-Based Salary Increases

**Per Bond Buyer General Obligation 20-Bond Municipal Index.*
***Based on the CPI: Urban Wage Earners & Clerical Workers, U.S. City Average, WA - All Items.*

The inflation assumption is a building block component of the healthcare trend rates and reflects our office's assumption of future national inflation for purposes of this report. This assumption is studied by our office every two years as part of the economic experience study; please see our website for the most recent study. The PEBB programs do not provide salary-based benefits, however we rely on a salary growth assumption to complete this analysis based on the GASB 75 prescribed EAN Percent of Salary cost method. Except for the discount rate, all non-healthcare economic assumptions are consistent with assumptions presented in the 2023 AVR.

The **healthcare** economic assumptions specify how we expect the subsidies will grow in the future. We relied on Robert Schmidt and Janet Jennings, healthcare actuaries from Milliman's office in Boise, Idaho; they were contracted through HCA, to determine the healthcare economic assumptions.

Medical costs and retiree contributions are expected to grow in the future, so we project future growth using the healthcare trend rates. Based on discussions with HCA, OFM, and OSA, Milliman prepared trend assumptions that assume no change in the explicit subsidy ($183 per month) through the end of Calendar Year 2027. After that, the explicit subsidy is expected to grow with the assumed healthcare trend. The healthcare trends vary by medical plan (Uniform Medical Plan [UMP], Kaiser Permanente plans [Insured Medical], Medicare Supplement [Plan F], and Dental) and by Medicare coverage (non-Medicare, Medicare). The trends can also vary for costs and retiree contributions.

Medical and Dental Costs Healthcare Trend						
	UMP		Insured Medical			
Fiscal Year	Non-Medicare	Medicare	Non-Medicare	Medicare	Medicare Supplement	Dental
2025	5.6%	-4.6%	7.5%	-0.1%	9.3%	6.0%
2026	6.0%	8.8%	5.9%	6.0%	5.2%	5.3%
2027	6.1%	9.2%	5.4%	5.3%	5.3%	4.4%
2028	5.3%	5.1%	5.2%	5.1%	5.1%	4.0%
2029	5.1%	4.9%	5.0%	5.0%	5.0%	4.0%
2030	4.9%	4.8%	4.9%	4.8%	4.8%	4.0%
2040	4.2%	4.1%	4.1%	4.1%	4.1%	4.0%
2050	4.2%	4.1%	4.2%	4.1%	4.1%	4.0%
2060	4.2%	4.2%	4.2%	4.2%	4.2%	4.0%
2070	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
2080	3.8%	3.8%	3.8%	3.7%	3.7%	3.8%
2090	3.8%	3.8%	3.8%	3.7%	3.7%	3.8%
2100+	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

Note: Trends were summarized for display purposes; the full table is available upon request.

The healthcare retiree contribution trends for dental benefits and non-Medicare aged members match the healthcare cost trend assumptions. The Medicare aged retiree contribution trends are higher than the cost trends for two reasons: (1) in the near-term to reflect that the maximum explicit subsidy is assumed to remain at $183 per month through 2027, and (2) in the long-term to reflect the projected aging of the retiree population.

Medical and Dental Retiree Contributions Healthcare Trend						
	UMP		Insured Medical			
Fiscal Year	Non-Medicare	Medicare	Non-Medicare	Medicare	Medicare Supplement	Dental
2025	5.6%	(6.1%)	7.5%	0.1%	9.5%	6.0%
2026	6.0%	12.7%	5.9%	9.1%	5.4%	5.3%
2027	6.1%	11.9%	5.4%	8.2%	5.5%	4.4%
2028	5.3%	5.3%	5.2%	5.3%	5.3%	4.0%
2029	5.1%	5.1%	5.0%	5.2%	5.2%	4.0%
2030	4.9%	5.0%	4.9%	5.0%	5.0%	4.0%
2040	4.2%	4.2%	4.1%	4.2%	4.2%	4.0%
2050	4.2%	4.2%	4.2%	4.2%	4.2%	4.0%
2060	4.2%	4.2%	4.2%	4.2%	4.2%	4.0%
2070	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
2080	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
2090	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
2100+	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

Note: Trends were summarized for display purposes; the full table is available upon request.

The retiree claim costs and retiree contributions are displayed in the following table. The table is broken into non-Medicare and Medicare aged populations. For display purposes, we show the retiree claim costs at age 65 which represent the expected average claim costs for a 65-year-old retiree. On average, younger retirees cost less and older retirees cost more, prior to any Medicare offsets. The retiree contributions reflect the contributions used in this valuation and will not match actual plan premiums[2] because the contributions in this report exclude direct pass-through expenses, like administration fees, that are paid 100% by the retirees and are not part of the OPEB obligation.

Annual Costs and Retiree Contributions at Age 65			
	Costs		Retiree
	Males	Females	Contributions*
Non-Medicare Plans			
Kaiser Permanente WA Classic	$24,740	$22,539	$10,896
Kaiser Permanente WA Value	19,186	17,478	10,753
Uniform Medical Plan Classic	16,988	15,476	10,316
Uniform Medical Plan CDHP	$12,684	$11,555	$8,603
Medicare Plans			
Kaiser Permanente WA Medicare	$3,679	$3,672	$2,126
Uniform Medical Plan Classic	6,716	6,896	5,644
Plan F Supplemental Plan	$2,490	$2,485	$1,449
Dental Plan			
Uniform	$705	$695	$607

**Retiree Contributions are the same for males and females.*

The retiree contributions used in this report do not vary by age. Non-Medicare retiree contributions are based on pooled claim costs for active employees and non-Medicare retirees. Medicare retiree contributions reflect the reduction from the explicit subsidy. Dental retiree contributions are based on pooled claims for all members and the contribution does not change based on eligibility for Medicare.

Unlike retiree contributions, the medical and dental costs vary by age. We use aging factors to determine the expected average claims cost at different ages by multiplying an applicable aging factor by the prior age's expected cost.

Aging Factors for Costs				
	Medical		Dental	
Age	Males	Females	Males	Females
22-26	4.14%	6.12%	3.17%	1.89%
27-31	4.27%	2.70%	2.07%	0.95%
32-36	4.42%	0.62%	1.06%	1.17%
37-41	3.71%	6.77%	0.93%	0.96%
42-46	2.03%	1.36%	1.25%	1.02%
47-51	3.42%	(1.17%)	1.81%	1.38%
52-56	2.40%	0.71%	2.64%	1.76%
57-61	3.44%	2.10%	3.00%	2.10%
62-64	5.82%	2.78%	2.55%	0.67%
65-68	1.72%	1.26%	2.55%	0.67%
72-76	1.57%	0.82%	0.00%	0.00%
77-81	0.92%	0.43%	0.00%	0.00%
82-88	0.29%	0.20%	0.00%	0.00%
89+	0.00%	0.00%	0.00%	0.00%

[2] *Please see the Washington State HCA website for actual premiums.*

Demographic Assumptions

The section below lists the assumptions that were used in the valuation but not included in our most recent demographic experience study for PEBB OPEB. Please see our 2023 PEBB OPEB Demographic Experience Study for descriptions of all remaining demographic assumptions.

As discussed in that report, due to limited data we make a simplifying assumption that all participants are members of PERS 2. This assumption allows us to apply corresponding rates of decrement (retirement, termination, disability, and mortality) and retirement eligibility (or future retiree's access to PEBB) based on the 2023 AVR.

We rely on HCA data to determine the participant's status (active employee, retiree, etc.), but the data does not distinguish between a "healthy" and "disabled" retiree. While we have different mortality assumptions for each type of retiree, given the lack of data we assumed all current retirees in PEBB are "healthy."

Survivors of PEBB members that decease prior to retirement are eligible for PEBB. We considered valuing this benefit but ultimately did not include this liability. In a prior valuation, we tested the impact of this liability and determined it was not material to the valuation results.

V. RESOURCES

The Office of the State Actuary's Website

Our website contains additional information and educational material not included in this report. The site also contains an archive of prior actuarial valuation reports and other recent studies that OSA has produced. The following is a list of materials found on our website that could be useful to the reader.

PEBB OPEB Webpage

Includes historical OPEB valuations, supporting information, and relevant background. Our PEBB OPEB webpage contains the most recent *2023 PEBB OPEB Experience Study*.

This page also includes the most recent PEBB OPEB AMM Online Tool which utilizes the Alternative Measurement Method as allowed under GASB 75 and can be used by employers with fewer than 100 total plan members.

Glossary

Definitions for frequently used actuarial and pension terms.

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