



Office of the State Actuary

“Supporting financial security for generations.”

2023 PEBB OPEB ACTUARIAL VALUATION

May 10, 2024

This document contains 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 Other Postemployment Benefits (OPEB) liability for the state, as the employer, under the Governmental Accounting Standards Board Statement No. 75 (GASB 75) financial reporting requirements, as of June 30, 2023. Consistent with the [2022 PEBB OPEB Report](#), this valuation focuses on state PEBB employers which includes all Washington State agency and higher education employers. This valuation should not be used for other purposes. Please replace this communication with a future one when available.

The purpose of this document is to provide the Office of Financial Management (OFM) with valuation results to include in their [2024 Annual Comprehensive Financial Report](#). This document includes the following information:

- ❖ Schedule of Changes in Total OPEB Liability (TOL) and Related Ratios.
- ❖ OPEB Expense.
- ❖ Deferred Outflows and Inflows of Resources.
 - Subsequent Recognition Years.
- ❖ Sensitivity of the TOL to Changes in the Healthcare Trend and Discount Rate Assumptions.

Our *2022 PEBB OPEB Report* produced GASB 75 accounting results based on a June 30, 2022, valuation date. For purposes of this analysis, we rolled forward those results to a measurement date of June 30, 2023, reflecting service cost, assumed interest, and actual benefit payments. Additionally, we increased the discount rate from 3.54 percent to 3.65 percent consistent with the Bond Buyer 20-Bond general obligation index. Otherwise, all data, assumptions, and methods used in the roll forward are consistent with the *2022 PEBB OPEB Report*.

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



The undersigned, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this document is intended to be complete, we are available to offer extra advice and explanations as needed.

Lisa A. Won, ASA, FCA, MAAA
Deputy State Actuary

Frank Serra ASA, MAAA
Senior Actuarial Analyst

O:\Reports\OPEB\2023\RollForward\2023.PEBB.OPEB.Val.docx



GASB 75 Results

Schedule of Changes in Total PEGB OPEB Liability and Related Ratios	
<i>Measurement Date of June 30, 2023</i>	
<i>(Dollars in Thousands)</i>	
Change in Total OPEB Liability (TOL)	
Service Cost	\$153,241
Interest	153,932
Difference Between Expected and Actual Experience*	-
Changes in Benefit Terms	-
Changes of Assumptions*	(74,022)
Benefit Payments**	(107,219)
Other	-
Net Change in TOL	\$125,932
Beginning and Ending TOL	
TOL—Beginning	\$4,248,263
TOL—Ending	\$4,374,195
TOL as a Percentage of Covered Payroll	
Covered Employee Payroll**	\$10,393,641
TOL as a Percentage of Covered Payroll	42.1%

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.*

OPEB Expense for Measurement Date of June 30, 2023	
<i>(Dollars in Thousands)</i>	
Service Cost	\$153,241
Interest Cost	153,932
Amortization of Differences Between Expected and Actual Experience	2,561
Amortization of Assumptions Changes	(469,144)
Changes in Benefit Terms	-
Other Changes in Fiduciary Net Position	-
Total OPEB Expense	(\$159,410)

<i>(Dollars in Thousands)</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$66,421	\$129,897
Changes of Assumptions	284,236	2,620,767
Transactions Subsequent to the Measurement Date*	-	-
Total	\$350,657	\$2,750,664

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 2024 Annual Comprehensive Financial Report.*



Subsequent Years

(Dollars in Thousands)

2025	(\$466,583)
2026	(\$466,583)
2027	(\$366,313)
2028	(\$234,001)
2029	(\$276,181)
Thereafter	(\$590,344)

*Note: Negative deferral
reflects greater future
inflows than outflows.*

Sensitivity Analysis — Healthcare Trend

<i>(Dollars in Thousands)</i>	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$3,675,654	\$4,374,195	\$5,273,284

Sensitivity Analysis — Discount Rate

<i>(Dollars in Thousands)</i>	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$5,118,104	\$4,374,195	\$3,775,801