

## **Improving the Funding and Sustainability of State Post-Employment Health Care Benefits**

Delaware's Actuarial Liability for retiree health care or Other Post-Employment Benefits (OPEB) surpassed \$8.0 billion in 2016. Only 4% of that amount (\$0.3 billion) had been set aside in the OPEB Trust Fund to pay for these benefits. To address this shortfall and assure the long-term sustainability of retiree healthcare, Governor Carney created a [Retirement Benefits Study Committee \(RBSC\)](#) in 2019. He later joined the General Assembly in creating a [Retiree Healthcare Benefits Advisory Subcommittee \(RHBAS\)](#) as an ongoing group to address this urgent challenge.

As Governor John Carney ends his term of office, the OPEB Trust Fund balance is nearly \$1.2 billion with a funding ratio above 10%. Following the recommendations of the RHBAS, the 152<sup>nd</sup> General Assembly enacted a [legislative package](#) signed into law in 2023 and 2024 placing the Delaware on an accelerated path to properly fund the OPEB Trust Fund and secure the State's Triple A bond rating as follows:

[Senate Bill 175](#) – Requires a 1% set-aside of the prior year's budget for the OPEB Trust Fund.

[House Bill 330](#) – Gradually increases the percentage of payroll contribution to the OPEB Trust Fund until such funding in addition to Pay-Go funding and the 1% of prior budget (SB 175) equals the Annual Required Contribution to the OPEB Trust Fund.

[House Bill 375](#) – For new hires after 1/1/2025, maintains years of service eligibility for State health care premium cost share at 15 years (50% share) while increasing eligibility to 20 years (75% share) and 25 years (100% share). The legislation excludes hires subject to mandatory retirement (State Police).

[House Bill 376](#) – Starting 1/1/2027, establishes a pensioner coordination of benefits requirement for pensioners (hired on or after 1/1/2015) comparable to the State's existing spousal coordination of benefits policy. Applicable pensioners would need to subscribe to their employer's health plan where employee premiums are less than 50% of the cost.

[House Bill 475, Section 18](#) – Provides additional one-time contributions to the OPEB Trust Fund when circumstances such as one-time revenues or surpluses permit.