

STATE TEACHERS RETIREMENT SYSTEM
OF OHIO

ANNUAL REPORT OF POSTEMPLOYMENT
HEALTH CARE BENEFITS
JUNE 30, 1997

As Required by Section 3307.20, Ohio Revised Code

The State Teachers Retirement System is authorized by Section 3307.74, Ohio Revised Code, to provide group health care benefits to benefit recipients and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the associated health costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Health care benefits are available to all recipients of retirement, disability or survivor benefits from STRS. Coverage may be extended to a spouse, dependent children, and sponsored dependents for an additional monthly premium. Benefit recipients and dependents age 65 or older must enroll in Medicare Part B. STRS reimburses \$29.90 per month toward the cost of the basic premium to benefit recipients who are enrolled in Medicare Part B.

The number of benefit recipients and dependents as of June 30, 1997 is:

	<u>Benefit Recipients</u>	<u>Dependents</u>
Without Medicare	22,017	12,361
With Medicare	52,986	14,582

The Retirement Board has established a Health Care Reserve Fund within the Employers' Trust Fund from which health care benefits are paid. Employer contributions equal to 2% of covered payroll are allocated to the Health Care Reserve Fund, except that for the fiscal year ended June 30, 1998, 3.5% of covered payroll will be allocated. Assets in the Health Care Reserve Fund are reported at fair value, and investment earnings are credited at the market rates of return earned by the total pool of STRS investments.

POSTEMPLOYMENT HEALTH CARE
STATEMENT OF PLAN NET ASSETS

As of June 30, 1997
(In Thousands)

ASSETS

Cash and short-term investments	\$ 99,081
Receivables:	
Accrued interest and dividends	6,445
Employer contributions	7,618
Securities sold	4,892
Total receivables	<u>18,955</u>
Investments, at fair value:	
Fixed income	476,096
Common and preferred stock	811,345
International	342,024
Real Estate	154,901
Collateral on loaned securities	42,584
Total investments	<u>1,826,950</u>
Total assets	<u>1,944,986</u>

LIABILITIES

Securities purchased	6,351
Accrued expenses and other liabilities	383
Medical benefits payable	36,135
Obligations under securities lending program	<u>42,584</u>
Total liabilities	<u>85,453</u>

**NET ASSETS HELD IN TRUST FOR
POSTEMPLOYMENT HEALTH CARE BENEFITS**

\$1,859,533

**POSTEMPLOYMENT HEALTH CARE
STATEMENT OF CHANGES IN PLAN NET ASSETS**

*For the year ended June 30, 1997
(In Thousands)*

ADDITIONS

Contributions:

Employer	\$ 136,116
Benefit recipient health care premiums	38,347
Total contributions	174,463

Investment Income:

Net appreciation in fair value of investments	215,461
Interest	37,647
Dividends	18,622
Rent	6,245
Securities lending income	3,202
	281,177
Less investment expenses	(575)
Less securities lending expenses	(3,072)
	277,530
Total additions	451,993

DEDUCTIONS

Health care benefits	230,424
Administrative expenses	886
Total deductions	231,310

NET INCREASE 220,683

**NET ASSETS HELD IN TRUST FOR PENSION
AND POSTEMPLOYMENT HEALTH CARE BENEFITS**

BEGINNING OF YEAR	1,638,850
END OF YEAR	\$1,859,533

POSTEMPLOYMENT HEALTH CARE
SIX-YEAR HISTORY

FISCAL YEAR ENDED
(In Thousands)

	1997	1996	1995	1994	1993	1992
Employer Contributions	\$136,116	\$131,073	\$126,541	\$121,217	\$116,325	\$111,965
Health care benefits **	\$192,077	\$176,773	\$165,767	\$157,276	\$187,318	\$189,784
Administrative expenses	\$886	*	*	*	*	*
Net assets available for benefits	\$1,859,533	\$1,638,850	\$1,503,228	\$829,600	\$750,749	\$750,373

* Not available prior to implementation of GASB Statement No. 26 in 1997
 ** Health care benefits paid net of premiums paid by benefit recipients

Note 1

Net assets available for benefits include the following additional transfers of funds:

1995	\$652,000,000
1994	\$ 60,000,000
1993	\$ 20,466,000
1992	\$354,000,000

STATE TEACHERS RETIREMENT SYSTEM OF OHIO
10-Year Summary of Health Care Account Activity

Fiscal Year (1)	Number of Participants (2)	Net Health Care Expenses (3)	Per Participant Annual Cost	Medicare Part B Reimbursement	Annual Health Care Revenue (4)	Health Care Reserve Balance (5)	Reserve for Medicare "B" Reimbursement (6)
1996-97	102,023	\$ 192,964,369	\$ 1,891	\$ 18,587,793	\$ 136,116,000	\$ 1,859,500,000	N/A
1995-96	99,395	\$ 176,773,058	\$ 1,778	\$ 18,347,079	\$ 131,072,840	\$ 1,638,900,000	N/A
1994-95	96,917	\$ 165,766,561	\$ 1,710	\$ 17,916,066	\$ 126,540,980	\$ 1,503,200,000	N/A
1993-94	94,661	\$ 157,276,383	\$ 1,661	\$ 17,564,987	\$ 121,216,560	\$ 829,600,000	N/A
1992-93	93,375	\$ 187,318,000	\$ 2,006	\$ 17,113,077	\$ 116,324,180	\$ 730,300,000	N/A
1991-92	91,940	\$ 189,784,000	\$ 2,064	\$ 16,521,971	\$ 111,964,760	\$ 396,400,000	N/A
1990-91	90,803	\$ 170,583,000	\$ 1,879	\$ 15,648,606	\$ 105,454,180	\$ 301,800,000	N/A
1989-90	88,636	\$ 136,563,000	\$ 1,541	\$ 15,623,661	\$ 99,488,840	\$ 340,300,000	N/A
1988-89	86,163	\$ 126,319,000	\$ 1,466	\$ 14,341,915	\$ 93,159,500	\$ 349,700,000	N/A
1987-88	84,398	\$ 105,950,000	\$ 1,255	\$ 10,690,722	\$ 87,605,740	\$ 354,500,000	N/A

Footnotes:

- 1) STRS' fiscal year runs from July 1 through June 30th.
- 2) Participants are defined here as benefit recipients and dependents
- 3) Net expenses is the gross costs minus the premiums collected from participants
- 4) The Health Care Revenues are the 2% of the employers' annual contributions to STRS
- 5) The Reserve Balance is the amount in the Health Care Stabilization Fund
- 6) STRS does not have a separate reserve for Medicare B premiums