

August 23, 2011

Mr. Alphonso David
Deputy Secretary to the Governor
Executive Chamber
Capitol - Room 242
Albany, NY 12224

Dear Deputy Secretary David:

We appreciate the time you and Director Johnson spent at our meeting on August 11, 2011. The Retired Public Employee's Association (RPEA) is ready to continue our dialog and provide our support and assistance to you and the State of New York. RPEA is the only organization solely representing State and local retirees. As you requested, we have identified some of the policy issues, problems and solutions facing public service retirees in New York State:

1. **There should be no increase in the rate of contribution for health insurance coverage for current State retirees.** New York State retirees enrolled in the New York State Health Insurance Plan (NYSHIP), except for those who retired before January 1, 1983, contribute 10 percent of the cost of premiums for individual coverage — slightly less than the national average — and 25 percent of the premiums for family coverage.
2. **All local governments should provide their employees and retirees with health insurance.** Given the fact that New York has 3,175 local governments, including counties, cities, towns, villages and school and special districts, the State should enhance the ability of municipalities to cooperatively provide and manage employee benefits in a manner that reduces the cost of providing such benefits, but which gives such municipal employees choices in the benefits provided. By cooperatively administering the provision of such employee benefits through the establishment of Municipal Cooperative Health Insurance Plans, perhaps, some of the functions of participating municipalities can be consolidated to further reduce overhead costs.
3. **There should be a 90 day notification to retirees before a local government can change coverage or contribution rates for their retirees.** RPEA has legislation introduced in the Assembly (A.7872, Abinanti) to effectuate this proposal and will have a Senate sponsor for the bill before the start of the 2012 Legislative Session.

4. **There should be a requirement that there be a minimum number of employees and retirees for a municipality or a group of them to self-insure.** At present there is virtually no regulatory oversight of government self-insured plans of the reserves and solvency. Oversight should require minimum size of self insured plans so that they are actuarially sound to insure continued viability of the plans.
5. **Retirees and/or dependents that live in areas not well served by the Empire Plan under NYSHIP should be provided the employer share of premiums on proof of enrollment in an accepted health insurance plan.** This will help out-of-state retirees not well served by the United Health Care network.
6. **Otherwise eligible retirees who opt out of health insurance coverage at retirement (in order to be covered under another plan) should be able to rejoin when the other coverage ceases.** This would result in savings to the State and local governments.

To supplement our comments made during our meeting on August 11, 2011 regarding maintaining the *status quo* with respect to the ratio of the employer/employee contribution rate for health insurance in place at the time of a State employee's retirement, there is a long-standing practice of continuing the specific ratio, if any, then in place for such retirees. When a different ratio has been implemented, the law has been amended to "hold harmless" existing retirees.

For example, Civil Service Law, §167, in pertinent part, provides:

"§167. Contributions. 1.(a) The full cost of premium or subscription charges for the coverage of retired state employees who are enrolled in the statewide and the supplementary health benefit plans established pursuant to this article and who retired prior to January first, nineteen hundred eighty-three shall be paid by the state."

This statute, reflecting a change in the employer/employee ratio to be paid by State employees and State retirees participating in NYSHIP after December 31, 1982, then continues:

"Nine-tenths of the cost of premium or subscription charges for the coverage of state employees and retired state employees retiring on or after January first, nineteen hundred eighty-three who are enrolled in the statewide and supplementary health benefit plans shall be paid by the state. Three-quarters of the cost of premium or subscription charges for the coverage of dependents of such state employees and retired state employees shall be paid by the state."

In other words, pre-January 1, 1983 retirees were “held harmless” and continued participating in NYSHIP at the “old ratio” – i.e., the State’s continuing to pay the full cost of such premiums for both individual and individual and dependent coverage -- notwithstanding the change in the State’s NYSHIP employer/employee ratio for such premiums effective January 1, 1983 whereby active State employees and those State employees retiring on or after January 1, 1983 would pay 10 percent of NYSHIP premiums for individual coverage and 25 percent of NYSHIP premiums for dependent coverage.

This, in our view, recognizes the implied contractual nature of the employer/employee contribution ratio for NYSHIP premiums with respect to those already retired in contrast to those not yet retired.

On behalf of the Retired Public Employees Association, we thank you for providing a means to have retirees’ interests and concerns on health insurance and pension issues heard by the State administration. We look forward to working with Governor Cuomo and you in shaping a fair, appropriate and sustainable system for health insurance for those who have devoted their careers to serving the people of the State of New York.

Sincerely,

Stanley Winter
President

cc: Director Gary Johnson