

Contract deals irk state retirees

Higher health insurance costs, inability to vote on pacts called unfair

By Rick Karlin Capitol Bureau

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ALBANY -- Currently employed state workers aren't the only ones being asked to make sacrifices in the most recent labor contract offered by the Cuomo administration.

But while the more than 120,000 people represented by the Public Employees Federation and Civil Service Employees Association will be able to vote on the deal in the next few weeks, another group cannot. Nonetheless, retired state employees would have to pay a higher percentage of their health insurance costs if the contract goes through.

That's riled up some retirees who say they should be protected from such increases, especially since they can't cast a ballot on the contract.

"We think it's patently unfair," said Mike Fitzgerald, executive director of the Retired Public Employees Association, which claims about 40,000 members including retired PEF and CSEA state workers.

"Our position is it shouldn't apply to current retirees," added Stan Winter, the association's president.

Along with higher health care costs, the five-year labor contract offered to PEF and CSEA includes three years without broad-based raises and furloughs.

If the deals are approved and extended to the workforce's other bargaining units, Gov. Andrew Cuomo will call off plans for up to 9,800 layoffs. The job cuts were presented as a "last resort" to achieve \$450 million in workforce savings.

State workers and retirees currently pay a share of the total health insurance premium cost: 10 percent for an individual or 25 percent for family coverage.

For the Empire Plan, one of the most popular programs, that works out to about \$59 and \$250 per month, respectively, said Fitzgerald.

The contract proposal would raise that percentage to 12 percent and 27 percent for lower-paid workers, which would raise the cost to about \$71 and \$277 per month, he said.

For higher paid workers above Grade 9 on the job scale, the percentage would go to 16 percent and 31 percent for individual and family coverage, respectively. That would raise the cost to nearly \$95 and \$331 per month.

That's a significant hit considering the average pensioner gets about \$19,000, said Fitzgerald, who added that many retirees worked years ago when wages were far lower.

"This is big money to people who are retired," he said.

There are some potential complications as well, especially when it comes to navigating the Grade 9 cutoff above which the percentage gets higher.

For example, someone who years ago worked at a Grade 19 probably earned less than a current Grade 9 worker, begging the question of how to equitably distribute the Grade 9 cutoff point for retirees.

On the positive side, Cuomo's negotiators abandoned an earlier plan to curtail the use of accrued sick time credits to offset health insurance costs.

Workers who didn't take a lot of sick days can use that time to keep their health insurance rates lower.

The Cuomo administration argues that despite skyrocketing health insurance costs, the employee contribution for state workers hasn't increased in 30 years, and an increase of 6 percent or less isn't too much to ask.

Cuomo spokesman Josh Vlasto noted that workers as well as retirees have in the past shared marginal increases in health care costs such as co-pays and deductibles.

Vlasto said it's common for the provisions of labor agreements to extend to a given union's retired membership. And he noted that the arrangement works both ways: Whenever health care packages have been sweetened in previous contracts, retirees have reaped the benefits without being active in the workforce.

Still, Winter and Fitzgerald say they may consider a legal challenge if the higher prices go through, although they concede that would be a costly battle with an uncertain outcome.

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Projected changes

State workers and retirees currently pay a share of the total health insurance premium cost. Here are the projected changes in the out-of-pocket cost of the popular Empire Plan under the deal offered to CSEA and PEF:

Under current contract:

Coverage Percent Monthly

Individual10 \$59 Family25 \$250

Under proposed contract for workers Grade 9 and below:

Individual12 \$71 Family27 \$277

Under proposed contract for workers Grade 10 and above:

Individual16 \$95 Family31 \$331

Source: Retired Public Employees Association