



Testimony of

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Appropriations Committee Hearing
March 7, 2014

SB 342 An Act Concerning the Retired Teachers' Health Insurance Premium Account.

Senator Bye, Representative Walker and members of the Appropriations Committee:

My name is Stephen McKeever and I serve First Vice President of AFT Connecticut, a diverse state federation of more than 90 local unions representing nearly 29,000 public and private sector employees. Our members include more than 10,000 teachers across the state in our public schools. They are all members of the Teacher Retirement System and contribute each paycheck to the pension and retiree healthcare funds. Thank you for the opportunity to submit testimony on their behalf to support SB 342, An Act Concerning the Retired Teachers' Health Insurance Premium Account.

The TRB Health Insurance Premium Account (HIPA) was created to defray the costs of health insurance premiums for retired teachers. Statute requires the state to pay one-third of the cost. The remainder is paid by active and retired teachers.

Public Act 12-1 of the June 2012 special session made statutory revisions that allowed OPM to use Medicare Part D reimbursements to the account, on an **ongoing** basis, to offset amounts paid to the HIPA fund by the state. The TRB estimates this change will result in losses to the fund in FY 2014 and FY 2015 of \$13,294,531 and \$14,813,252 respectively. Our members fear that this practice could cause HIPA to become insolvent over time.

This change was made without the benefit of a public hearing. Prior to 2012, the use of Medicare Part D reimbursements to offset the state's HIPA payment was evaluated each year and approved each time by the General Assembly. SB 342 simply reestablishes that more transparent practice.

AFT Connecticut fully supports SB 342. It is important that we fully fund our retiree health insurance premium accounts. Our retirees are living on fixed incomes and should not have to worry from year to year whether they will be able to afford the healthcare they need. In addition, teachers who have contributed to the HIPA fund over the course of their entire careers deserve to know about the contributions the state makes, or takes, from the fund. SB 342 would do that. We urge you to pass SB 342. Thank you.