

June Pinkin, President
Hartford Federation of Teachers Retiree Chapter
Appropriations Committee Public Hearing on H.B. 6824
March 3, 2015

Greetings to Chairs Senator Bye and Representative Walker of the Appropriations Committee and All its Members.

My name is June Pinkin and I come before you this evening as president of the Hartford Federation of Teachers Retiree Chapter of more than 400 members, the vast majority residing in Connecticut, to speak about **H.B. 6824 An Act Concerning the State Budget for the Biennium Ending June 13, 2017, and Making Appropriations Therefore and Other Provisions Related to Revenue.**

However, I speak on behalf of all retired and active CT teachers as the governor's proposal affects us in a seriously negative way. We are VERY concerned about Governor Malloy's proposal to yet again not fully fund the state's contribution to retired teachers' health care. Legislation was passed which declares that the retirees pay 1/3 of their premiums, the state pays 1/3, and the other third comes from the Teacher Retirement Board from our HIPA (Health Insurance Premium Account). It is law. Only once since Malloy became governor has this obligation been met. The retirees and the TRB have never reneged on their obligation. The state of Connecticut has reneged on its agreement four times in the past five years. This goes back to former Governor Rell who didn't fund health care for two years. Now Governor Malloy's proposal shortchanges us again until 2018. I realize that he needs legislative approval to amend the law and I am asking that you do not approve such an amendment again. To approve it would be to circumvent the law for seven out of eight years. I fear this is setting a pattern that could be used as a precedent in future sessions and I find it extremely disconcerting.

It is important to understand that our health care fund is supported entirely by active teachers. From every pay check of every public school teacher 1.25% is deducted and put aside to help offset the cost of retirees' health insurance premiums. When the state doesn't meet its obligation, the difference also comes out of the fund. This drains the fund and endangers its viability for the future. In fact, such actions have cost the fund approximately \$125 Million in recent years. This raises two very serious issues. First, will teachers who have been paying 1.25% of their gross pay since 1989 get any help with their premiums when they retire? If not...but we must not let that happen! We must, with your help, insure the continuation of the health care fund. Secondly, will the fund ever be able to grow? A trust fund was recently set up for our health care account. The problem is that it must take in more than it pays out in order to put in place a long term growth strategy. The \$125 Million the fund had to pay out in recent years to make up for the state's shortfall and the approximately \$35-40 million it would lose in the next two years if Malloy prevails on this issue are certainly roadblocks to this end---a functioning trust fund.

While the state's obligation is 33% and Malloy's budget calls for only 25%, it is important to know that it is considerably less than 25% that the state has been and would be contributing. A little recent history...the contribution is considerably less because Malloy changed the law to count the RDS (Reimbursement Drug Subsidy) from the federal government as part of the state's

contribution when historically, that money went directly into the HIPA. This reimbursement was for having a drug plan equal to or better than Medicare part D. So the state was only really contributing about 13 or 14%. Many teachers not on Medicare think that the \$110 subsidy to their towns for their insurance premium comes from the state but it doesn't. Only about 14% comes from the state with the rest being paid for by active teachers. The new drug plan we are on as of January 1, 2015 is a Medicare part D plan. Already many retirees are paying more for their prescriptions than they were last year.

So now I would like to share a few examples of the health care cost burdens retired teachers of Connecticut have:

Case 1: A single retiree over 65 in her own words:

These are my medical expenses for 2013 (this is above/beyond the \$220 subsidy as I am not eligible for Medicare). I haven't done my taxes yet for 2014 so don't have total for this past year.

Health Insurance premiums-	\$7,177.66
Medical Co-Pays -	\$807.88
Prescription Co-Pays -	<u>\$1,465.00</u>
TOTAL:	\$9,450.54

When I retired in 2000, my health insurance was \$170.00 per month. It went up regularly to \$633.98 as of June 2013, and then down slightly to \$626.86, which is what it is now. I have no doubt that it will continue to go up.

Primarily because of these extra-ordinary medical expenses, I had to take a reverse mortgage on my house in October 2013.

... I have no problem with you sharing my name with the legislatures.

Thanks.

C.W. (I am choosing to only use her initials. JP)

Case 2: A single teacher under 65

After Subsidy: Health care premiums and costs for 2013 were 25% of her \$42,000 pension. She switched to a high deductible plan with lower monthly premiums and with a \$2,000 deductible in July and estimates that her costs are now 21% of her pension. She happens to be a very healthy retiree. This retiree has worked since retiring in order to pay her insurance and meet her other living expenses.

Case 3: A married couple under 65 on an H S A (Health Savings Account) plan from another school system in the state :

Premiums:	\$1,394.29 per month=\$16,731.48 annually
Deductible:	<u>\$4,000.00</u>
Total:	\$20,731.43 (also working after retiring)

Case 4: A married couple under 65 (teacher retired from Hartford)

Premiums:	\$17,333
Prescriptions:	538
Copays and misc.:	<u>234</u>
Total:	\$18,105

As you can see, Connecticut's retired teachers pay a hefty price for health care insurance. The part that comes from the state is appreciated and needed. I hope the state's share will be the agreed upon 33%.

If you have any questions or want clarification on anything in this testimony, I would be very glad to talk to you or meet with you.

I know that you and the governor have very difficult decisions to make. I am not asking you to take away from programs for the needy. There is, however, \$14.4Million more in this budget for charter schools—schools that haven't been proven. That funding should be stopped until accountability for charter schools is in place. That's just a suggestion.

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