

Arkansas Retired Teachers Association

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December 20, 2012

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To: Public School Employee Health Insurance Sub Committee
Senator Johnny Key & Representative Randy Stewart, Chairs

From: Steve Singleton, Executive Director
Arkansas Retired Teachers Association

Topic: Retired Teachers Health Insurance Increases &
Disparity with State Retirees

Dear Sub Committee Members:

Please accept this Memo and attached documents as a formal submission to your Sub Committee studying the disparity that exists between the State (ASE) & School (PSE) health insurance groups.

The Arkansas Retired Teachers Association represents over 11,400 members who have retired from positions in Arkansas education. This includes both classified and certified. Our leadership has been meeting with State officials for many years trying to get some help with health insurance.

We were able to get unfunded legislation, Act 1172 in 2009 passed that called for closing the disparity between these groups. During the same session, the State budget increased the funding for State Employees by \$40 per month times 12 months times all positions in state government. That action increased the disparity that existed at the time. This \$390/month/employee represents over \$33,500,000 in surplus to the ASE group to use to lower rates for both active and retired state personnel.

At your last meeting on November 30, 2012, Representative Stewart asked if the proposed budget for the next session included an increase in the amount going to state employee health insurance. When the state official responded that it increased \$20 per position from \$390 per month to \$410 per month, I almost fell out of my chair.

Why is this so surprising? At the last EBD meeting, reserve funds for the State Employee group (ASE) was \$50,000,000! I have attached a copy of those projections. You will also be able to see the School group (PSE) projected a \$ 0 reserve fund.

As you look for solutions to this gross inequity, one might be to quit increasing the disparity until some funding is found for the retired and active PSE group. It should also be said that most people know there is not enough money to completely eliminate the disparity that exists between state and school personnel. It would be nice to see just a little effort to reduce the gap some.

Respectfully yours,

Steve Singleton

Health Insurance Rate Comparison for 2013

Retired State and School Employees

<u>Non-Medicare Primary</u>	<u>Retiree Only</u>	<u>Retiree & Spouse</u>	<u>Retiree & Child(ren)</u>	<u>Retiree & Family</u>	<u>Retiree & Medicare Primary Spouse</u>	<u>Retiree & Medicare Primary Spouse Child(ren)</u>
Retired State Employee	\$235.74	\$575.88	\$439.84	\$916.72	\$401.54	\$606.77
Retired School Employee	\$469.68	\$1,186.36	\$821.66	\$1,538.32	\$609.06	\$961.04
Disparity/Month	\$233.94	\$610.48	\$381.82	\$621.60	\$207.52	\$354.27

<u>Medicare Primary</u>	<u>Retiree Only</u>	<u>Retiree & Spouse</u>	<u>Retiree & Child(ren)</u>	<u>Retiree & Family</u>	<u>Retiree & Medicare Primary Spouse</u>	<u>Retiree & Medicare Primary Spouse Child(ren)</u>
Retired State Employee	\$117.12	\$446.72	\$314.86	\$644.48	\$278.49	\$476.24
Retired School Employee	\$50.14	\$597.87	\$509.62	\$1,061.68	\$206.42	\$630.74
Disparity/Month	(\$66.98) *	\$151.15	\$194.76	\$417.20	(\$72.07) *	\$154.50

* State Medicare Primary includes Prescription drug plan & School plan does not.
Retired School group must purchase perscription drug plan separately.

Active State and School Employees

	<u>Employee Only</u>	<u>Employee Spouse</u>	<u>Employee Child(ren)</u>	<u>Employee Family</u>
Active State Employee	\$95.78	\$367.74	\$193.64	\$419.62
Active School Employee	\$226.70	\$1,027.20	\$581.48	\$1,029.96
Disparity/Month	\$130.92	\$659.46	\$387.84	\$610.34

Reserves Projections

- Preliminary Excess Reserves as of 7/31/2012
 - PSE: \$ 0 million or about 0% of annual expenses
 - ASE: \$50 million or about 18% of annual expenses
- Projected Excess Reserves as of 12/31/2012
 - PSE: About \$ 0 million or 0% of annual expenses
 - ASE: About \$50 million or 18% of annual expenses