



National Association of Government Employees

AFFILIATED WITH THE SERVICE EMPLOYEES INTERNATIONAL UNION

May 13, 2015

Dear Senator:

I would like to begin by commending President Rosenberg and Chairwoman Spilka, along with you and your colleagues for producing and supporting an initial budget proposal that held the line on health insurance premium shares for state workers.

Over the past few months the GIC has voted to increase overall premiums, and made substantial plan design changes which will result in increased copays and deductibles for all employees in the amount of \$160 million. Your recognition of this added burden is greatly appreciated.

While we are grateful that Senate Ways and Means has recommended maintaining the current premium structure, we are requesting that you go one step further by equalizing all state workers at 20 percent. The estimated added cost to do this is roughly \$34 million. We believe that a small amount of the \$160 million that has already been shifted onto state workers should be used to lower the premium contribution for employees hired after June 30, 2003. As you know these employees are currently paying 25 percent and our proposal would equalize all state workers at a 20 percent premium.

Since 2001, real dollar for dollar out of pocket costs for employees have nearly quadrupled, while state costs have tripled. Additionally, a total of **1,455 enrollees had out of pocket expenses over \$5,000 in FY 14, with 57 individuals exceeding \$10,000** in out of pocket costs. This further represents an unbearable burden on the most vulnerable members in the system. I have included two charts from the GIC's recent presentation on out of pocket costs that illustrate these points. While it's clear that costs have spiraled out of control overall, the states answer has been to shift more of the cost onto workers, without a more effective plan for true cost containment. I have also included a recent article from *Commonwealth Magazine* which highlights the cost shifting trend through plan design changes and the resulting negative impact on healthcare utilization. Rather than engage in a race to the bottom as the Governor has proposed, we are asking the legislature to restore a benefit that plays an enormous role in the recruitment and retention of quality employees into state service.

Senator Dan Wolf has filed an amendment to equalize all active state employees at 20 percent. We request your support for this initiative by signing on to Senator Wolf's amendment as a co-sponsor. We also ask that you please contact Chairwoman Spilka and Senate President Rosenberg and ask that they support equalizing all state workers at 20 percent as part of the final FY 16 Senate budget.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. J. Holway', written over a thin horizontal line.

David J. Holway
National President