

*Gov
Premium*

SCHOOL RETIREES' MTG

- I. THANK YOU FOR INVITING ME
- II. TWO ISSUES THAT I BRIEFLY WANT TO DISCUSS
 - A. HEALTH INSURANCE PREMIUMS WILL INCREASE
DRAMATICALLY FOR THOSE OF YOU WHO PARTICIPATE
IN THE VOLUNTARY HEALTH OPTIONS PROGRAM
 - B. REP. EVANS AND NICHOLS INTRODUCED A BILL TO
DEAL WITH THIS
 1. CREATES AN INDEPENDENT HEALTH INS. PROGRAM
 2. PROVIDES THE FUNDING NEEDED TO REDUCE THE
PREMIUM COSTS
 - (A) RAISES SUBSIDY TO \$70 FIRST YEAR
 - (B) TO \$100
 - (C) THEN 6% OF SD PAYROLL WITH A MIN OF \$100
 3. INCREASES IN CONTRIBUTIONS FOR SD'S AND
COMMONWEALTH

(A) THESE INCREASES OFFSET BY LOWERED RATES
CONTRIBUTION RATES FOR RETIREMENT
PAYMENTS

(B)

III. COLA

A. SHOULD SET UP LIKE COUNTY

B. SHOULDN'T BE LEFT TO LEGISLATURE BUT SHOULD BE
FUNDED OUT OF THE RETIREMENT FUNDS EXCESS
INTEREST

C. AUTO DECIDED ANNUALLY BY THE PSERS BOARD

IV. TAX REFORM

A. REFERENDUM

B. RENTERS

C. EARNED WAGE TAX NOT ENOUGH TO MAKE UP IN POOR
DISTRICTS LOSE OF PROP. TAX REDUCTION

D. NUISANCE TAXES FIRST/ NOT WHAT PEOPLE VOTED
FOR IN THE REFERENDUM LAST YR. (HOME STEAD
EXEMPTION)

- Jury Trials -
AA's



COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

October 21, 1998

The Honorable Thomas A. Tangretti
House of Representatives
328 South Office

REC'D OCT 22 1998

Dear Tom:

As a member of the Public School Employees' Retirement System (PSERS) Board, I have been informed that the cost of health insurance for school retirees is going to increase dramatically in 1999. PSERS is currently notifying retirees in preparation for their open enrollment period. These increases affect retirees that participate in the voluntary health options program at PSERS. Unlike state retirees, a fully subsidized health insurance benefit is still unavailable to school retirees.

Aware of the pending increases in the cost of health care insurance, Representative Steven Nickol and I drafted House Bill 2186 in 1997. The bill creates an independent health insurance program for school retirees and provides the funding needed to reduce premium costs and to increase the health insurance subsidy. It requires the state and other employers to share the cost and phases the increased cost in over several years. Unfortunately, the health care legislation has not been considered in time to reduce the extraordinary price increases scheduled for 1999.

Unlike past years, PSERS has no options left. Health insurance reserves built up in prior years are no longer available to prevent substantial price increases. The bottom line is that the 1999 premiums that participants pay under this program will substantially increase but the \$55 state subsidy remains capped. The result is that many retirees will pay hundreds of dollars in monthly premiums, a cost that the paltry \$55 subsidy only marginally offsets.

I expect that you will receive letters from retirees deeply concerned over these trends. Their concerns are well substantiated and must be addressed. In the meantime, PSERS is preparing factual information that will further educate you about this issue. My office will keep you informed.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight".

DWIGHT EVANS
Democratic Chairman

cc: District Office