

# An Act Concerning A State Subsidy For Retired Teachers' Health Insurance Benefits

Proposed Bill 5010	Rationales	Notes
<p><b>AN ACT CONCERNING A STATE SUBSIDY FOR RETIRED TEACHERS' HEALTH INSURANCE BENEFITS.</b></p> <p>Be it enacted by the Senate and House of Representatives in General Assembly convened:</p> <p>That chapter 167a of the general statutes be amended to require that the state pay a one-third subsidy toward the cost of retired teachers Medicare supplement health insurance coverage.</p> <p><b>Statement of Purpose:</b> To restore the one-third state subsidy to retired teachers enrolled in the Teachers' Retirement Board Medicare Supplement health insurance package.</p>	<p>Retired teachers pay for the vast majority of their own health insurance premiums "out of pocket".</p> <p>A major concern of retired teachers is the huge disparity in the Teacher Retirement System's (TRS) health plan pricing. The root cause of this disparity is the absence of a fair and equitable state subsidy.</p> <p>Fairness and equity is achieved by providing a one-third state subsidy with respect to the proportional dollar cost of each health plan. A <b>one-third state subsidy toward the cost of each TRS Medicare-based health insurance plan</b> is the equitable solution.</p> <p>To appropriately meet the healthcare needs of all retired teachers as they age, it is vital that both an "affordable" Advantage plan and an "affordable" Medicare Supplement plan are always offered through the Teachers' Retirement System.</p> <p>Only Original Medicare with a Supplement guarantees important healthcare protections essential to retired teachers in their later years or when they are met with serious health issues.</p> <p>Proposed Bill 5010 would restore an equitable one-third state subsidy to the Supplement plan and allow for a fair choice of plans.</p> <p>The implementation cost, for the state's one-third</p>	<p>The TRS Medicare Supplement plan costs \$278/month and the TRS Advantage plan costs \$36/month. Yet only the same dollar amount is given as the state subsidy (\$36/month) for both plans, despite the greatly disparate cost of the plans. The Supplement is not getting its statutory one-third subsidy but rather a disproportionate one-tenth subsidy.</p> <p>For years prior to 2018, when only a Medicare Supplement plan was offered, the state subsidy was one-third the cost of that plan.</p> <p>When retired teachers were actively working, they paid a bi-weekly payroll deduction designated for the teachers' Health Insurance Account to cover health insurance costs for those who were already retired. The expectation was that the same equitable support for the Medicare Supplement plan would be there when they retired.</p> <p>Retired teachers also pay the full additional cost of their monthly Medicare Part B premiums and their monthly Dental insurance premiums "out-of-pocket". There are no state subsidies for these additional costs.</p> <p>With the implementations of this bill, the TRS Medicare Supplement plan will still cost significantly more than the Advantage plan. Even so, this subsidy will represent a huge improvement. The lower cost Advantage plan will still retain its appeal with those who feel it meets their healthcare needs.</p> <p><b>"NEA Member Benefits believes that the more traditional coverage offered by Medicare combined with a Medicare supplement insurance plan is still the choice that gives you the most freedom.</b> It lets you choose your doctors and hospitals and helps you control your out-of-pocket costs. It lets you remain in control of the management of your care. While some of the other options may appear a little cheaper up front, they can limit your medical care choices and could hit your pocketbook hard if you get seriously ill." (NEA Benefits website)</p> <p>The 2024 TRS state subsidy for the Supplement is \$36/month. This bill would increase the state subsidy for the Supplement to \$117/month. The \$81/month difference for the 4,500 enrollees on the Supplement plan, based on 2023 enrollment numbers, represents an additional \$4.4 million per year.</p>

