

Just the Facts

An Unwise Proposal for State Employees' Health Insurance

In House I, the governor proposed a three-tiered plan to increase the amount state employees pay for their health insurance beginning July 1, 2009.

- Employees earning less than \$35,000 would pay 15 percent.
- Employees earning from \$35,000 to \$50,000 would pay 20 percent, an increase of 33 percent for many state employees.
- Employees earning over \$50,000 would pay 25 percent, an increase of 67 percent.

A previous attempt by Governor Mitt Romney to pass a similar proposal was defeated in 2005. The governor's proposal calls for a significant increase in the cost of health insurance for the great majority of state workers. At a time when employees are receiving either very small salary increases or no salary increases, this change means a large pay cut. The cost increase ranges from 33 percent to 67 percent. For example, for an employee choosing the Unicare family indemnity plan, this amounts to \$179 more per month, or an annual pay cut of \$2,148.

Tiered premium fees based on salary are non-existent in the insurance field. Health insurance should be no exception. One does not purchase life, automobile or home insurance — or almost anything else, for that matter — based on salary.

Co-pays, deductibles and premium costs have increased for state workers over the last several years. While the premium percentage share that state employees pay is competitive with those of other large employers, their actual out-of-pocket expenses have substantially increased.

Furthermore, there is a wage disparity between public-sector and private-sector employees, particularly when comparisons are made with the higher-paid workers targeted by the governor's proposal. Because the cost of living in Massachusetts is higher than the cost of living in most other states, workers making \$50,000 a year are not considered highly paid.

Health insurance is the most valuable benefit that state workers receive. This benefit is a key reason why many talented people remain in state service despite very modest salaries. It is critical to keep this benefit affordable in order to recruit and retain qualified employees.

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