

RPEA Testimony before the New York State Senate and Assembly

The New York Health Act

Hearing Room A

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Chairman Rivera, Chairman Gottfried, members of the Committees, I thank you for the opportunity to present our concerns regarding the New York Health Act. I am Edward Farrell, Executive Director of the Retired Public Employees Association. There are nearly 500,000 state and local government retirees in the State Retirement System who, like all other New Yorkers, would be impacted by this legislation. One thing that sets us apart from other retirees is that nearly all of us already have health insurance, with nearly 250,000 receiving that benefit through the New York State Health Insurance Program (NYSHIP). Health insurance in retirement is a benefit that was contemplated upon accepting a job. It was a term and condition of employment.

First, let me acknowledge what we like about the Health Act, namely:

- there are no premiums
- there are no co-pays
- dental and vision are covered
- long term care is covered

These are all good things. Since we are retirees, we would not be impacted by the payroll tax which would primarily fund the Act.

However, as noted previously, since we already have health insurance, we do have concerns about the implementation of the Act regarding our existing benefits.

These concerns include:

Medicare

Many retirees are currently on Medicare. It should be noted that upon turning 65, retirees enrolled in NYSHIP are required to enroll in Medicare, as a cost saving measure. Those who participate in NYSHIP are reimbursed the Medicare basic premium and IRMAA amount. The Act seeks a waiver from the federal government regarding funds currently available for Medicare. If the federal government does not provide such a waiver, we question the real life consequence of New York retirees going all in on the Health Act. Would we still be enrolled in Medicare? If so, how would those premiums be paid? Would deductions from our Social Security check cease? If no one is paying the Medicare premium, presumably we would no longer have a valid Medicare card?

Enrollment/Diminution of Benefits

Subdivision 10 of Section 5101 states that all public service retirees shall be enrolled in the New York Health Program. If, however, there is any service previously available, but not offered by the Program, the retiree shall “receive that benefit from the public employee retirement program”. What does that mean? There is no public employee retirement program which provides health benefits. Certainly not the New York State Retirement System. Furthermore, other than the New York Health Program, there would be no other licensed health insurers in the state.

Out of State Retirees

The same subdivision specifically refers to out of state retirees. Approximately 20% of the retirees in the New York State Retirement System live out of state. These retirees currently receive their health insurance through NYSHIP, or a similar program offered by local governments. Since they are not residents of New York, they would not be covered under New York Health. Once again, the same unusual language appears. These retirees shall receive future coverage from the “appropriate public employee retirement system”. How would that work? What entity does the bill refer to? Plus, there are no other licensed health insurers in the state.

Governance

The Board of Trustees established pursuant to the Act is composed of individuals representing a variety of interests including: physicians, hospitals, home care providers, community health centers, advocacy organizations, mental health providers, and organized labor, among others. Since certain sections of the Act apply specifically to public sector retirees, we recommend that an individual representing such retirees be included as a member of the Board.

Travel

What happens when someone travels to another state and needs medical attention. Is the New York Health Program going to be accepted by health care providers in other states? If retirees are no longer paying Medicare premiums, presumably they would no longer have a valid Medicare card. The Act is silent regarding this situation.

Conclusion

Public retirees are utilizing a benefit that was earned through years of employment. If there is a better way to provide that benefit, we certainly welcome that discussion. The bill before us, however, does not provide the clarity and certainty that would be required. You are asking us to take a leap of faith regarding one of the most important benefits we currently receive, something we are unable to do at this time.