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TESTIMONY OF ROBYN KAPLAN-CHO, RETIREMENT SPECIALIST

THE CONNECTICUT EDUCATION ASSOCIATION (CEA)

CONCERNING

**Proposed S.B. No. 107 AN ACT CONCERNING THE TEACHERS' RETIREMENT SYSTEM HEALTH INSURANCE
SUBSIDY**

**S.B. No. 396 (RAISED) AN ACT CONCERNING REVISIONS TO THE TEACHERS' RETIREMENT SYSTEM
STATUTES**

**S.B. No. 405 (RAISED) AN ACT CONCERNING THE TEACHERS' RETIREMENT BOARD AND VALUATIONS OF
THE TEACHERS' RETIREMENT SYSTEM**

BEFORE THE APPROPRIATIONS COMMITTEE

MARCH 18, 2022

Good morning, Senator Osten, Representative Walker, and members of the Appropriations Committee. My name is Robyn Kaplan-Cho, and I am the Retirement Specialist for the CEA, representing active and retired teachers across the state of Connecticut who are members of the State Teachers' Retirement System.

CEA strongly supports Proposed S.B. 107 and respectfully requests that this Committee amend it to double the subsidy that is currently paid to retired teachers and spouses who are not on Medicare and thus still on their previous school district's health insurance plan. These retirees pay the full group rate minus a \$110 per person per month subsidy paid from the Retired Teachers' Health Fund.

The \$110 subsidy is statutory and has remained fixed at \$110 since 1996, while the cost of health insurance has consistently and significantly increased every year. Below is a sample of the monthly premium cost for a single retired teacher and a retiree plus a spouse in a sampling of school districts:

<u>District</u>	<u>Monthly Premium for Single Retiree</u>	<u>Monthly Premium for Retiree + Spouse</u>
East Hartford	\$1144.48 - \$110=\$1034.48	\$2288.98 - \$220 = \$2068.98
Chaplin	\$1057.66 - \$110=\$947.66	\$2115.32 - \$220 = \$1895.32
Westport	\$1044.02 - \$110=\$934.02	\$2255.83 - \$220 = \$2035.83
Danbury	\$1024.42 - \$110=\$914.42	\$2581.58 - \$220 = \$2361.58
Simsbury	\$986.13 - \$110 = \$876.13	\$1968.04 - \$220 = \$1748.04
Voluntown	\$983.16 - \$110 = \$873.16	\$2104.76 - \$220 = \$1884.76

Moreover, for approximately 1,000 retirees who do not qualify for Medicare, these exorbitant costs continue for life since they will not be able to move to Medicare at age 65, at which point the cost would be significantly less. They currently qualify for a double subsidy of \$220, and we ask that their subsidy also be doubled to \$440.

While they were actively employed, these retirees paid a contribution of 1.25% of their salary into the retired teachers' health fund from which this subsidy is paid, yet they have not seen an increase in the subsidy since 1996. Clearly, a 26-year freeze is too long. Even with the doubling of the subsidy, retiree health costs may still be prohibitively expensive, but at least it is a step in the right direction.

Second, CEA supports the TRB's legislative package which is found in SB 405 and are primarily technical changes.

Finally, CEA opposes the provision in SB 405 which places the TRB under the Comptroller's Office for administrative purposes. Despite being understaffed for many years, the TRB continues to do an excellent job administering the pension and retiree health programs. In recent years, they have improved their member response times, and revamped and expanded their website to provide increased online services for active and retired teachers, among other important improvements. And their administrative cost per member continues to be one of the lowest in the country. The agency's request to be upgraded to the CT-CORE system seems like a reasonable and cost-efficient means to address their current systemic needs, rather than merging them into an agency that administers an entirely different pension system.

SB 405 also changes the frequency of the actuarial valuation done by the TRB from biennial to annual. CEA does not necessarily oppose such a change as long as this change does not run contrary in any way to the bond covenants or result in a change to the spirit of those covenants which is to ensure that the Actuarially Determined Employer Contributions (ADEC) is met. State Treasurer Shawn Wooden is submitting testimony that addresses this issue, and we defer to his office on this.

Thank you for your time and consideration.