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State workers, retirees likely to see surge in health insurance costs

Proposals may be more than some can afford, advocates say.

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By [Ben Wermund](#)

AMERICAN-STATESMAN STAFF

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Steep increases in state employees' and retirees' health insurance costs likely to emerge this legislative session could put health care out of reach for some families, according to advocates for state workers.

With proposed funding for the Employees Retirement System, which provides health insurance for state workers and retirees, falling \$591 million short of current operating costs, employees and retirees will probably either pay a higher premium or face a deductible between \$2,400 and \$3,400.

Currently, there is no medical service deductible.

Andy Homer, the director of government relations for the Texas Public Employees Association, said the "most scary" part is that under the proposed deductibles, a family could be subject to out-of-pocket expenses of up to \$11,900, according to the retirement system's estimates.

Because the average state employee makes \$39,000 a year, Homer said, "that's bankruptcy territory there."

Though everyone in that hypothetical family would have to have health problems for the cost to reach that level, Homer said, every state employee and retiree would have to pay much more for health insurance.

"The point is, this will make health care unaffordable for a significant portion of employees," Homer said.

Under preliminary House and Senate budgets, 19 percent of the retirement system's \$3 billion appropriation would be cut. The agency is looking at a couple of ways to make up the money.

Currently, the state covers 100 percent of health insurance costs for state employees and retirees and 50 percent for family members.

Under the House's proposed budget, 90 percent of insurance costs would be covered. But according to the retirement system's estimates, that would save only \$298 million.

To make up the full \$591 million shortfall, coverage would have to drop to 80 percent for employees and retirees and 40 percent for family members, leading to a \$95 monthly premium for employees and retirees and an increase of roughly \$186 a month for families.

The other option would be deductibles of up to \$3,400 for 100 percent coverage or \$2,400 for 80 percent.

Homer said the retirement system would probably settle on a blend of the options.

"People are already living month to month, pay check to pay check, annuity check to annuity check. There are some people that just won't be able to deal with this," Homer said.

Talmadge Heflin, director of the conservative Texas Public Policy Foundation's Center for Fiscal Policy, said that since employees and retirees do not pay a premium, it's not unreasonable to ask them to chip in when the state faces a \$27 billion budget shortfall.

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"In times when there's a shortage of funds or less revenue and the state has to cut back on the funding, just like in a lot of private industry, the employees are called on many times to pick up a greater share of higher deductible or co-pay," Heflin said. "It's reasonable for the employees to share with the taxpayers the cost."

State Rep. Myra Crownover, a Denton Republican, has proposed legislation to create a health savings account option for state employees and retirees.

Heflin said the approach would give employees more control of their benefits.

With state employees facing big hits this session, from layoffs to furloughs, Homer said, the health insurance issue would probably be the biggest single hit for everybody.

The potential increase is "terrifying" for some state retirees who have been receiving the same amount of annuity for years and never thought to budget for a rise in health insurance costs, said Elizabeth Blount, legislative chair of the Retired State Employees Association.

Blount, a retired state employee of 31 1/2 years, said about 60 percent of state retirees receive a monthly annuity of \$2,000 or less, so an unexpected increase in premiums or the proposed deductibles could force some retirees to drop their health insurance.

"You're talking about living on very little money," Blount said. "If they can't afford to pay for it, they end up losing it, and if they get sick, they go to the emergency room, and the local taxpayers end up paying for it."

Bill Hamilton, president of the Retired State Employees Association, said the increase would be "the most dramatic effect on retirees' take-home pay in a long time."

bwermond@statesman.com

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pegleg

12:21 PM on April 5, 2011

Score: 0

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If you are so dumb that you cannot see where we are headed you deserve what is ahead. As we become more and more dependent on government for health care we become more and more enslaved to government. Government of the people, by the people and for the people has been squandered for free this and free that. It was a trap and the American people walked right into it. Now your health care is questionable. Tomorrow look for housing to be the issue. Public transportation will be an issue in the future. Cry for your children and their children and their children. You have betrayed them. You took the easy route with less required of you. You are a fool.



vetco1

9:50 PM on April 4, 2011

Score: 2

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If Jesus were here today in Texas he would be a Democrat for sure, he heald the blind man remember, but Texas Republicans deny the Blind funding and everyone else in the employment of the state health

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	insurance through the outrageous cost. Guess those are the good ole Republican Christian values.....just can't find them anywhere in the Holy Bible.		
	bhawk 1:51 PM on April 4, 2011 These people ran against O'bama health care and now we know why. Love that health care savings account idea--save 10 bucks for \$60,000 medical treatment or eat today. Bet those savings account add up in a hurry.	Score: 1	Report Abuse
	East chalmers 12:04 PM on April 4, 2011 when the session is over in may,why dont you law makers give your selves a Big Fat Raise.after all you people are obviously above the Law !	Score: 3	Report Abuse
	East chalmers 11:50 AM on April 4, 2011 All of the state legislatures will face God.hope you law makers can provide for your love ones.because you are making it impossible for the average worker to do so..steve ogden.fred brown,jerry madden..how can you look in the mirror .	Score: 2	Report Abuse
	Hooah! 11:50 AM on April 4, 2011 Talmadge Heflin already HAS his insurance...now he wants to deny decent coverage to the rest of us. The TPPF wants to reduce those of us who work for a living to serfs, nothing more.	Score: 4	Report Abuse
	R.B. 10:49 AM on April 4, 2011 Inasmuch as State/Country/City employees and retirees are probably going to take a "hit" due to legislative actions, be reminded YOU can be heard by attending a rally at 12th and San Jacinto, at 11:00AM, on Wednesday, April 6th. Let those clowns in the Capitol Bldg. know that they are out to lunch.	Score: 5	Report Abuse
	J09182619 9:35 AM on April 4, 2011 "In times when there's a shortage of funds or less revenue and the state has to cut back on the funding, just like in a lot of private industry, the employees are called on many times to pick up a greater share of higher deductible or co-pay," Heflin said. "It's reasonable for the employees to share with the taxpayers the cost." Hey you moron, State employees, are taxpayers too. You act like we are outsiders. We are getting screwed over.	Score: 5	Report Abuse
	 1 reply		
	txsgr196 9:28 AM on April 4, 2011 How have the House members factored in the sacrifices (including insurance, retirement benefits, etc.) they must also make to help keep this a balanced budget?	Score: 4	Report Abuse
	Long time Austinite. 8:19 AM on April 4, 2011	Score: -9	Report Abuse

At least the state is not planning to spend money it does not have, as would have been the case if Bill White had been elected.

 1 reply



Timinator

Score: 10

7:21 AM on April 4, 2011

Report Abuse

I'd like The "Honorable" Talmadge Heflin to switch places with a state worker and see how he likes paying what he is proposing on a meager salary that the state pays. Why is anyone buying the crap that state workers are overpaid? Oh that's right, nobody can read because the education in the state is nearly bottom in the nation. KEEP EM IGNORANT AND THEY WILL VOTE REPUBLICAN!



vetco1

Score: 7

1:31 AM on April 4, 2011

Report Abuse

Our legislators' retirement is the same as a state district judge and they (legislators) only have to serve 6 terms or 12 years for a Rep. to receive the \$125,000.00 annual retirement and insurance where yo have to do 35 years to receive your average \$35,000.00 annual retirement.



vetco1

Score: 0

1:28 AM on April 4, 2011

Report Abuse

I FORGOT ERS MEMBERS / STATE EMPLOYEES DO NOT VOTE...THATS WHAT YOU GET WHEN YOU DON'T VOTE ...IDIOTS.

 2 replies



vetco1

Score: 2

1:26 AM on April 4, 2011

Report Abuse

SO ERS MEMBERS HOW IS THAT REPUBLICAN / T-PARTY VOTE WORKING OUT FOR YOU NOW?



vetco1

Score: 2

1:25 AM on April 4, 2011

Report Abuse

Not hateing on TRS members but they will be receiving according to an amendment filed by Rep Aycock to HB 1 , the state will increase their contrabutions to the Teachers and Retired Teachers insurance fund from \$29,385,877.00 each year of the 2012-13 budget to \$99,543,838.00 each of the 2 years and that is after the Governor, Dewhurst and Combs took \$75 Million from the ERS in August to balance the budget. BOY ARE THE REGULAR CLASS EMPLOYEES UNDER ERS (NOT JUDGES/LEGISLATORS) ARE GETTING HAMMERED. LETS NOT FORGET THAT THE RETIREES OF ERS HAVE NOT HAD AN INCREASE IN THEIR ANNUITIES FOR THE LAST 11 YEARS AND THOSE IN TRS HAVE ATLEAST RECEIVED THE 13 CHECK.



ronkab

Score: -1

10:18 PM on April 3, 2011

Report Abuse

Oops, I made a mistake. I just checked the Texas Tribune website. The average salary of a State of Texas employee is \$35,000/year, not \$29,000/year.



ronkab

Score: 0

10:12 PM on April 3, 2011

Report Abuse

A year ago, my take home pay was right at \$3,000.00 a month. I've been a state worker for 28 years. Last year, our insurance deductible was

increased from \$1,000 to \$2,000, plus additional co-payments for CAT scans and other procedures. I have some lingering health issues from a bout with cancer a few years ago, and along with the ostomy supplies I buy each month, I pay the full \$2,000 co-insurance deductible plus another \$250 in additional co-pays. This year we'll have to pay part of our insurance, which is perfectly reasonable in light of the budget shortfall. We'll pay either 10% (with an extra \$500 co-insurance deductible) or 20%. That's at least \$1,000 a year, probably a little more. There's also a bill in the legislature that would remove our longevity pay. For me, that's a big chunk, \$280 a month. Total decrease in benefits is around \$500/month. A bill from Representative Pitts would allow state agencies to furlough workers. One day a month would equal a 5% decrease, 2 days equals 10%, etc. Our agency is also losing at least 10% of its workforce to layoffs. I really feel bad for the lower-paid workers. They take home around \$2,000/month (that's about the median for our agency). With the increase in health insurance, if they have a family to insure, they'll be losing more per month than me. I hope these pay reductions are enough to satisfy the legislators. I'm only losing a little over 15% of my take-home, more if furloughs are carried out. A lot of state workers (remember, the median salary of a state employee is \$29,000/year) will be losing a whole lot more percentage-wise than me.



Texas Ruby

Score: 11

9:19 PM on April 3, 2011

Report Abuse

As a retired legislator, Talmadge Heflin receives high end insurance and retirement pay much better than the retirement and health insurance plans available to state employees. Bet legislators and retired legislators like Heflin won't have to take a \$100 or more a month hit on their pension to pay increased premiums for health care.

1 reply

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