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TESTIMONY OF ROBYN KAPLAN-CHO, RETIREMENT SPECIALIST

THE CONNECTICUT EDUCATION ASSOCIATION (CEA)

S.B. No. 1080 AN ACT CONCERNING VARIOUS REVISIONS TO THE TEACHERS' RETIREMENT SYSTEM

S.B. 1081 AN ACT CONCERNING THE INTEREST RATE RELATING TO TEACHERS' RETIREMENT SYSTEM COST-OF-LIVING ALLOWANCES AND RESERVING CERTAIN LOTTERY FUND REVENUE FOR THE CONNECTICUT TEACHERS' RETIREMENT FUND BONDS SPECIAL CAPITAL RESERVE FUND

S.B. 1082 AN ACT CONCERNING A RETIRED TEACHER ADVISORY COUNCIL, THE MEMBERSHIP OF AND TERM LIMITS FOR THE TEACHERS' RETIREMENT BOARD, A CAP ON CERTAIN PROFESSIONAL FEES PAID BY THE BOARD, AND MEDICARE SUPPLEMENTAL PLANS FOR RETIRED TEACHERS

BEFORE THE APPROPRIATIONS COMMITTEE

MARCH 26, 2021

Good afternoon 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 supports SB 1080 and SB 1081 which are necessary updates to the Teachers' Retirement Board (TRB) statutes. We urge passage of both of these proposals.

I would like to focus my testimony on SB 1082 which CEA strongly opposes and is highly concerning. This bill unnecessarily interferes with the TRB's prudent management of the retiree health insurance program and thus could have serious negative implications for our state's retired teachers. Let me address each section of the bill:

Section 1 creates a nine-member health care advisory council. It's perplexing that a new, formal retiree council needs to exist given that there are two elected retired teachers who sit on the TRB. Moreover, I have been attending meetings of the TRB for over 25 years and I have personally witnessed how receptive the TRB has been to input from retirees. They have scheduled annual (sometimes biannual) work sessions where timely topics are discussed in detail and input is specifically sought from any active or retired teacher or interested party in attendance. In addition, when the new health plans were instituted, the TRB scheduled meetings specifically to hear concerns from the various retired teacher groups and interested individuals.

It is also very concerning that this bill requires the TRB to assign a staff member to this council – why further burden the already understaffed and under-resourced TRB? If anything, the TRB needs funding

to hire additional staff who can be dedicated to working exclusively on the retiree health program – currently there is not even one staff person who works only on the health program.

Second, the bill calls for two representatives from four specific retiree groups, including our retired organization, CEA-Retired. CEA-Retired has existed for over 20 years and has been very involved on all TRB-related issues. Our retiree organization has officers, subcommittees, quarterly regional meetings and two statewide annual meetings. One of the groups included in this bill, Retired Teachers' Healthcare Advocates, was established within the last year or two, yet they would get two representatives on this advisory council. As other loosely formed groups emerge, will they also get representation on this advisory council?

Also, the bill requires that the council members be enrolled in a health plan offered by the Board – why should any retiree have to disclose which plan he or she is enrolled in in order to serve on this council? Shouldn't the confidentiality of that information be respected? Equally if not more concerning, the bill would require the advisory council to receive "advance" information about the plans, including RFPs and financial reports. As I understand it, some of this is confidential information that cannot be shared with any non-TRB member.

Section 2 adds one additional member to the TRB who shall be a member of a retiree organization not already represented on the Board and who also is an enrollee of a health plan offered by the TRB. While CEA supports adding an additional retired member to the TRB, basing it on which, if any, retired teacher organization he/she belongs to is irrational. First, many retirees are members of several retiree groups – this bill would hamper that option. Second, restricting the seat to a participant in the TRB health plan violates health confidentiality and could prove problematic if no such retiree is willing to serve on the Board.

Section 2 also institutes a 12-year term limit for members of the TRB. Term limits for TRB members would cost the TRB experience and could lead to unfilled vacancies. Veteran members of the TRB bring years of experience and knowledge which can take years to acquire and adds much value to the TRB. Moreover, there hasn't been a contested election in quite some time. This proposal could result in vacancies going unfilled if there are no interested new candidates for open seats on the TRB.

Section 3 mandates that the TRB offer a Medicare supplemental insurance plan as one of the health plans offered to retired teachers, and it must be substantially equal to or better than other plans offered by the Board. This is problematic for several reasons:

- Requiring TRB to offer a Medicare supplement plan would limit retiree health care options and potentially compromise their quality.
- TRB should be able to consider any and all types of plans. It is imprudent and inappropriate to specify in statute what kind of health plans must be offered.
- Currently the TRB offers two choices: a Medicare Advantage (MA) plan and a Medicare Supplement (MS) plan. Less than 20% of the 35,000 retired members participate in the MS plan. This proposal would tie the TRB's hands by requiring that an MS plan be one of the options offered. What if MS plans become obsolete?

It is important to acknowledge that over the past several years, the quality of the plans offered by TRB has improved while the monthly cost to retirees has slightly decreased. This proposal could result in benefit reductions and price increases.

Section 3 also caps at \$150,000 per year the amount of professional fees that may be paid out of the health insurance premium account. Capping fees paid to the TRB health consultant would work against

the best interest of retirees. **Again, over the past few years, the quality of the health plans offered by the TRB has improved and the cost to retirees has decreased** in large part due to the health consultant's work. The TRB health consultant provides critical advice to the TRB related to the operation of the \$80-90 million dollar retiree insurance program that has over 35,000 members. The consultant assists with daily operations, contract negotiations, actuarial services, marketing, preparing all of the RFPs, and assisting in the budgeting and projections for the health fund. The TRB needs the flexibility to seek additional analysis from the consultant when critical, unanticipated issues arise. It's truly puzzling why a retiree group would propose a cap which would undermine their own interest in having highly trained professionals provide expertise to the TRB's health program.

It is significant to note that the TRB statutes previously included a cap but it was removed by the legislature because it was so low that the TRB received no respondents to its RFP. Again, capping fees paid to the TRB health consultant would potentially limit the expert advice that could be provided to the health program and this clearly works against the best interest of retirees.

SB 1082 is ill-conceived and imprudent. Please reject this bill. Thank you.