



CT TEACHERS' RETIREMENT BOARD

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TESTIMONY OF HELEN SULLIVAN, ADMINISTRATOR

TEACHERS' RETIREMENT BOARD

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

H.B. No. 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 Helen Sullivan the Administrator for the Teachers' Retirement Board.

First will address H. B. 1080. To summarize the bill clarifies and updates obsolete statutory language and reestablishes an annuity option with consolidated qualified funds.

- (1) To amend Section 10-183b to introduce new terms and modify existing terms.
- (2) To amend Section 10-183f in subsection (b) to add "in the public schools of Connecticut"
- (3) To amend Section 10-183i to more correctly state the alternative payment forms and time for payment under each and to clearly state the only type of contribution to be received as a voluntary contribution.
- (4) To amend Section 10-183l to state what constitutes a quorum and what constitutes a majority vote, to change the title of secretary to a title approved by the board and to provide authority to the board to issue implementation regulations.

- (5) To amend Section 10-183p to change the title of this section, eliminate obsolete language regarding transfers to/from ARP or SERS and TRB, provide the requirement to obtain for time served in other retirement systems.
- (6) To amend Section 10-183-v to clarify with respect to when earning limitations apply to a teacher upon re-employment following retirement.
- (7) To amend Section 10-183y to clarify the responsibility of the member to provide the legal basis for any appeal.
- (8) To amend Section 10-183aa to provide discretionary authority to the board for delays in applications.
- (9) To add a New Section - Members' Separate Rollover Account to establish criteria for eligible rollover funds

With regards to the recently proposed S.B. 1082, I have prepared remarks as the Administrator of the agency. There are many concerns and strongly oppose the bill.

Section 1. NEW

- (a) TRB is governed by Chapter CGS 167a of the Connecticut General Statutes as amended through the 2020 session of the State Legislature. The System is administered by the TRB, located in Hartford, CT. The TRB consists of fourteen members; four elected active teacher members, two elected retired teacher members, the Commissioner of the Department of Education, the State Treasurer, the Secretary of the Office of Policy and Management and five public members appointed by the Governor. All TRB members serve without pay but are reimbursed for necessary expenses. The board operates using subcommittees for the purposes of vendor selection, and health plans. The subcommittee makes recommendations to the full board for final approval. As a state agency we follow the OPM guidelines and procedures for the RFP process. The agency rebids each contractual service every 3 to 6 years to ensure we are getting the best product at the best price which controls the health fund liabilities. Adding another layer of advisors/administration would cause undue delays in the decision-making process as well as potential disruption and confusion over who has final authority. Currently the board hires qualified individuals to provide professional advice and consulting services for healthcare and pension needs. An Advisory Board would be redundant and only increase the administrative burden to the overly taxed agency. It is the board's duty to be objective on all matters for both active and retired members. We have existing processes in place to maintain communication with retirees and the groups that represent them and have implemented the following improvements to our service:
 - An informal Ambassador group was established in 2019 by the TRB with at least one member representing AFT, ARTC, CEA-Retired, and Retired Teachers Healthcare Advocates
 - Communication is provided to this group on pertinent information and allows for members of the group to respond and speak directly with dedicated a TRB staff member regarding retiree health plan concerns.

- A health insurance home page on the TRB website that provides healthcare materials, plan coverage documents, website links, satisfaction results, formularies, and answers to frequently asked questions.
- Monthly enrollment webinars.
- A guide to Medicare TRB enrollment is mailed to members 3 months prior to turning 65. It includes applications and webinar information.
- All publications pertaining to the healthcare plan and annual updates of plan information.
- A complete benefits guide for members with all plan information.
- A dedicated email inbox for health insurance questions and inquiries reviewed daily by a member of the TRB staff.
- A dedicated health insurance phone group for members seeking information or assistance with their health plan.
- Annual open enrollment meetings held virtually with dial in access due to Covid, otherwise held in person and virtually with meetings in each state county.
- Dedicated phone groups and emails for benefit and fiscal related inquiries.

As for requiring the board member to be enrolled in the health plan, it would be discriminatory for a retired member to be required to disclose their health plan elections if seeking a position on the board or advisory committee.

- (b) Public Members in attendance of a board meeting are provided two minutes for public comment regarding the agenda.
- (c) The board subcommittee is charged the responsibility of the health plan selection and vendor selection. Another level of oversight is not efficient or productive. As a courtesy and to ensure members are provided timely updates, the agency already provides materials related to health benefit plans and sends notice when health plan administrators will be distributing CMS Medicare approved materials.

Section 2 (a) subsection of 10-1831 (4)

- (a)(4) Creating an additional and specified seat for a health plan member assumes any future health plan member has no vested interest in the health plans. We disagree with this assumption since the majority of our retirees age into the health plan at age 65, therefore they are fully vested in all matters concerning the health plan that the board maintains. We do not disagree with adding another teacher board member only the limited pool of members.

Historically, no other elected group has term limits. The existence of tenured board members provides necessary continuity and experience of the agencies pension and healthcare program, policies, and a historical understanding of the agency as it evolves.

Section 3. Section 10-183t

- (a) The board cannot be mandated to provide a Medicare Supplement that follows state guidelines because Medicare Supplement plans are required to follow federal guidelines and changes within the federal marketplace. With approximately fewer than 20% of enrolled

members utilizing the existing Supplement plan, and the steady decline in enrollment, at some point it may not be financially warranted to sustain the product.

(d)(2) It would be imprudent to limit the healthcare consultant budget to \$150,000 as there is a growing list of responsibilities associated with this role. Prior to 2015 when it had been capped at \$150,000 with fewer duties listed in the RFP, no one responded and therefore, we had to remove the limit to ensure we had access to a professional health plan consulting company. The annual per member per month cost based on the number of enrolled retirees as of March 2021 is .56 cents(pmpm) and is not a significant cost burden to the retiree population that would justify the added cost burden on the agency to provide mailing or other means of annual notification. The agency has a duty to protect what the vendor deems proprietary. The agency released an RFI in 2019 seeking information to outsource some of the administrative duties. It was not cost effective as the responses showed that estimated costs would be between \$500,000 and \$700,000 annually.