AFSCME **Nevada Retirees Chapter 4041**

To: Interim Retirement and Benefits Committee
From: Tess Opferman, AFSCME Retirees Chapter 4041
Date: January 16, 2024
Subject: PEBP benefits

Good morning Interim Retirement and Benefits Committee,

On behalf of the AFSCME Retirees, Chapter 4041, I would like to share some thoughts regarding our retirement benefits and provide some historical information.

First, I would like to address some benefits that were cut due to the pandemic in the 2021 legislative session. As a cost savings measure, long term disability was cut all together, life insurance benefits were cut in half, and monthly premiums were raised. Due to the work of this body, we were able to restore active and retiree life insurance during the 82nd session. The AFSCME retirees are grateful for this important step, however we do feel strongly that all benefits must be returned to pre-pandemic levels, including restoring long term disability and returning premiums to pre-pandemic levels.

Secondly, we wish to address the HRA allocation for retirees. When our retirees were hired, they were told they would have health insurance benefits provided for life. As a state employee, wages were and continue to be lower than comparable private positions; however lifetime health insurance coverage was an optimal benefit worth the lower wages. In 2011, the legislative body chose to change coverage plans for retirees, putting them into the medicare exchange. Additionally, Health Reimbursement Arrangements (HRA) were set up to cover additional costs to these retirees who were promised full health care coverage. While this system was somewhat equitable at the time, the HRA accounts have not increased with inflation and the rise in health care costs fall to the retiree. Today, the HRA accounts are calculated at $13 per month per year worked, for up to 20 years, a maximum total of $260 per month. This amount has remained the same for nearly 10 years, despite overall inflation.

For example, one of our retirees spends $573 a month including Medicare Part B, prescription drugs, dental and vision. This means after his HRA payment of $260, he still spends $313 a month out-of-pocket and this amount will continue to increase with inflation. He is just one example of those living on fixed incomes who are forced to bear the costs of increasing healthcare costs. AFSCME retirees continue to ask this body to increase the HRA supplemental payment to $15 per month, per year worked, for a maximum of $300 to help cover these costs. Additionally, this allocated amount should continue to increase with inflation.

Unfortunately, many retirees are not using these accounts all together and PEBP has argued that the HRA calculation should not be increased if the accounts are not being used in the first place.

This highlights a problem of accessibility. Though PEBP holds training sessions regarding HRA accounts, there is no direct contact person within PEBP that retirees can contact for support with their account. We encourage PEBP to hire an ombudsman that can be a direct contact for active employees and retirees to use to help assist them in applying their HRA accounts to their healthcare costs.

Third, we wish to address the budget timeline overall, which ultimately ties the hands of this legislative body. For open enrollment to begin in June, the PEBP budget must be closed by the middle of March. If the legislature receives their first budget presentation in February, the legislature only has one month to make budget adjustments. Practically speaking, this body is not prepared to make budget changes by March, which means the PEBP budget closes according to the recommendation of the Governor's Budget. Due to the timeline of open enrollment and the budget closing, the hands of the legislature are often tied. We encourage you to look at this timeline to ensure the legislative body is able to appropriately make changes to the PEBP budget.

Thank you for your consideration and we look forward to ongoing work through the next year as we prepare for the legislative session in 2025.

Warmly,
Tess Opferman
Government Affairs
AFSCME Retirees, Chapter 4041