



# Retired Public Employees Association

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*Representing the interests of 500,000 New York state and local government retirees*  
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Testimony Before The Joint Fiscal Committees of the Legislature

Labor/Workforce Development Budget Hearing

February 26, 2025

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President of the Board of Directors

Chairwoman Krueger, Chairman Pretlow, Ranking Member O'Mara, Ranking Member Ra, members of the Senate Finance Committee and Assembly Ways and Means Committee.

I am Diana Hinchcliff, president of the Board of Directors of the Retired Public Employees Association, which represents and advocates to maintain and enhance the pension, healthcare and other benefits that the over 500,000 New York state and local government employees receive at retirement after their years of dedicated public service.

First, some statistics to inform this testimony.

Some **79% of New York's public service retirees remain in New York State after retirement, contributing \$18.2 billion to local economies** by supporting businesses, helping to create jobs and paying taxes.

According to the Office of the State Comptroller, the **average pension** for all New York State and Local Retirement System retirees and beneficiaries is **\$28,000**. **Half** of all retirees **receive a pension under \$30,000 and 70% receive under \$40,000**. Retirees who stopped working many years ago receive very little in Social Security benefits. Some are still working to be able to afford the basic necessities of life.

Affordability is on everyone's agenda currently. It is critically important that our government retirees be able to afford a reasonable standard of living and a good quality of life. This is the goal of our legislative priorities.

### **TOP LEGISLATIVE PRIORITIES**

- Restore the Medicare Income Related Monthly Adjustment Amount (IRMAA) reimbursement, which the Executive Budget would eliminate.

- Raise the pension Cost of Living Adjustment (COLA), which has not been increased in 25 years.
- Require parity between Medicare-primary Empire Plan retirees and active employees for access to care in skilled nursing facilities.
- Prevent the healthcare benefits that retirees received at retirement from being diminished or eliminated.

### **Restore the Income Related Monthly Adjustment Amount (IRMAA)**

#### **Reimbursement**

The Executive Budget proposes to eliminate the Medicare Part B IRMAA surcharge reimbursement. Medicare requires retirees over a certain income level to pay this extra premium addition to their regular Medicare Part B premium. The State reimburses this premium for retirees.

The State saves a great deal of money by requiring retirees to enroll in Medicare. Chapter 602 of the Laws of 1996 created Section 167-a of the Civil Service Law to offset the additional IRMAA surcharge so the cost of a retiree's health insurance premium would remain level. Previous budgets have eliminated this reimbursement. The legislature has restored it every time. We urge you to restore IRMAA this year as you have in the past.

### **Enact an increase in the pension Cost of Living Adjustment (COLA)**

The pension Cost of Living Adjustment that retirees receive was enacted in 2000 and has not been increased since while the cost of living, based on the Consumer Price Index, has gone up every year. The COLA calculation in the enabling statute was never a true COLA. That is, it has never covered the entire annual increase in the cost of living. For retirees on a fixed income, some receiving a minimal pension

and Social Security, this means a loss of purchasing power, especially during times of higher inflation.

By law, the COLA is applied only to the **first \$18,000 of pension**—not the entire pension—and must be calculated at only **50%** of the annual rate of inflation. However, while it cannot be less than 1%, it also **cannot be higher than 3%, even if the rate of inflation exceeds 3%**. The Consumer Price Index over the past 25 years has increased a cumulative **87%** but the COLA for retirees has not met even the 3% threshold except in 2022 when the inflation rate was 9%. Even if retirees had received the maximum of 3% over the past 24 years, the increase would have been a cumulative 50% on only the first \$18,000 of pension, a far cry from either 50% of an entire pension or the actual CPI increase of 87%. This is a travesty for our government retirees who opted to forego the higher salaries, perks and benefits of employment in the private sector to work in government in order to have a reliable pension in their senior years.

RPEA will be submitting a bill for introduction and your consideration that would increase the COLA for retirees. We urge you to support and enact it.

**Require parity between Medicare-primary Empire Plan retirees and active employees for access to care in skilled nursing facilities.**

People over 55 account for over half of overall healthcare spending in the U.S. (Source: Kaiser Family Foundation). They are likely to require more medications, surgeries, doctor visits and disability assistance, among other health needs, than younger people. They are also more likely to need access to skilled nursing facilities for rehabilitation after a medical emergency, injury or surgery.

Yet, retirees enrolled in the New York State Health Insurance Program's Empire Plan, for whom Medicare is their primary health insurance, do not receive the same

coverage as active employees and those not yet enrolled in Medicare even though they pay the same premiums.

The legislature enacted a law in 1966 that integrated retirees over 65 into the new federal Medicare program. The NYS Department of Civil Service noted, in support of this legislation, that Medicare "would be in addition to any benefits available under the State Health Insurance Plan". The Department of Civil Service has not honored its own policy.

Medicare-primary enrollees (65 and older) in the Empire Plan **do not receive any coverage for skilled nursing facility care** while non-Medicare enrollees are covered.

Medicare provides a maximum of **20 days with a required three-day hospital stay**; the Empire Plan does not have additional coverage. However, the Empire Plan provides **120 days in a skilled nursing facility with no required hospital stay** for non-Medicare-primary enrollees. We surmise this is a combination of age discrimination and the State's desire to save money on the backs of government retirees.

The legislature unanimously passed S.8192 (Breslin)/A.9215 (McDonald) in 2022 to require equal coverage for all Empire Plan members. Governor Hochul vetoed this bill (Message 130) because it lacked a funding source and was not part of the budget process. The Division of the Budget, in its memo recommending a veto, estimated the cost of implementing the bill at \$65 million. The estimate was prepared by the Department of Civil Service but no analysis was provided to justify this cost. RPEA's attempt to include this requirement in last year's budget was unsuccessful. Since then, we have asked various agencies, including the Department of Civil Service, for data to back up its estimate but none have been forthcoming.

Therefore, we will be submitting for introduction and your consideration, a study bill that would require the Department of Civil Service to provide the data and assumptions it used to arrive at the \$65 million estimate and to submit its report to the legislature. We urge you to support and enact it.

**Prevent the healthcare benefits that retirees received at retirement from being eliminated or diminished.**

For the past several years, local governments have been attempting to forcibly transfer their retirees from the traditional Medicare plus supplemental insurance plans that they were entitled to at retirement to Medicare Advantage plans in order to save money. The most high profile example of this was New York City with 250,000 retirees. A number of counties have followed suit. New York City retirees brought a number of lawsuits against the City, winning in court each time. Retirees in Nassau County and Cortland County also sued to prevent their being involuntarily transferred to Medicare Advantage plans.

The bases for these suits are the higher premiums, higher out-of-pocket costs and inability to access their usual doctors and hospitals that would result from being placed in these different healthcare plans. Retirees are entitled to keep the healthcare plan they received at retirement.

Some retirees choose to enroll in Medicare Advantage plans. However, RPEA opposes any attempt to involuntarily force retirees into a healthcare plan other than the one they were entitled to when they retired.

During the last session, Senator Harckham and Assemblyman Zebrowski introduced S.8388/A.7866, which would prevent any involuntary diminution of health insurance benefits for retirees and their beneficiaries. Senator Harckham has again introduced this bill, S.3607, the Health Equity for Retirees Act. With Assemblyman Zebrowski's retirement from the legislature, we look forward to an Assembly

sponsor and passage of this important protection for government retiree healthcare.

### **Conclusion**

State and local retirees are our parents, grandparents, aunts, uncles, cousins, neighbors and friends. They live in and contribute to the livelihood of every community in each legislative district in our state. Someday, each of you, and your colleagues in this and future legislatures, will be a government retiree. We urge you to enact our priorities now so they will be in place to enable you and all retirees to have the standard of life and quality of care that those who work in public service deserve.

If you have any additional questions, do not hesitate to contact Katie Hohman, Partner at Plummer, Wigger & Hohman at [katie-hohman@pwh-llc.com](mailto:katie-hohman@pwh-llc.com).