



Retired Public Employees Association

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

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RoAnn Destito

President of the Board of Directors

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

I am RoAnn Destito, President of the Board of Directors of the Retired Public Employees Association. As a former Assemblymember and former Commissioner of the Office of General Services, I understand firsthand how decisions made in the state budget affect working families and retirees.

Today, I speak on behalf of more than 500,000 New York State and local government retirees whose affordability and benefit security are directly impacted by this budget. RPEA's mission is to protect and enhance the pension, healthcare, and other benefits public servants earned after decades of dedicated service. This year, our legislative priorities center on one overriding concern: **retirement affordability and benefit security**.

Approximately 79 percent of New York State and Local Retirement System retirees and beneficiaries remain in New York after retirement, contributing an estimated \$19.2 billion annually to local economies through spending, job support, and tax payments.

At the same time, the financial reality for many retirees is modest. Most retirees receive a pension under \$30,000 per year. For many who retired decades ago, Social Security benefits are limited. Some retirees continue working simply to afford basic necessities.

These are not large incomes. Even relatively small increases in healthcare premiums or erosion in pension purchasing power have real and immediate consequences.

Affordability is not theoretical for retirees. It affects housing, medication, food, and quality of life every day.

Top Legislative Priorities:

- Reject elimination of Medicare IRMAA reimbursement
- Modernize and strengthen the pension Cost of Living Adjustment
- Ensure parity in skilled nursing facility access for Medicare-primary NYSHIP enrollees
- Protect retirees from involuntary reduction of healthcare benefits

Restore the Medicare IRMAA Reimbursement

The FY27 Executive Budget Article VII proposal would eliminate the State's reimbursement of the Medicare Part B Income-Related Monthly Adjustment Amount (IRMAA) surcharge for NYSHIP retirees subject to the federal income-related surcharge.

Based on the federal Medicare premium schedule for 2026, the Part B IRMAA surcharge ranges from **\$81.20 to \$487.00 per month**, depending on income level. Without State reimbursement, **affected retirees would face an additional \$974 to \$5,844 per year** in healthcare costs solely due to the IRMAA surcharge.

The Executive has cited rising healthcare premiums as justification for new premium supplement initiatives. However, eliminating IRMAA reimbursement to help fund those efforts would increase healthcare costs for retirees subject to IRMAA. This shifts costs among retirees rather than addressing affordability comprehensively.

New York State requires Medicare-eligible retirees enrolled in NYSHIP to enroll in Medicare Part B, which reduces costs to the State health insurance program. Civil Service Law § 167-a authorizes reimbursement of Medicare Part

B premium charges for eligible enrollees. Eliminating IRMAA reimbursement weakens that statutory reimbursement structure and increases out-of-pocket healthcare costs for retirees.

Affordability should be addressed equitably across all retirees. We urge the Legislature to fully restore IRMAA reimbursement in the final budget.

Ensure Skilled Nursing Facility Parity for Medicare-Primary NYSHIP Enrollees

Older adults account for the majority of healthcare spending and are more likely to require post-acute rehabilitation in skilled nursing facilities.

Yet Medicare-primary NYSHIP enrollees do not receive the same skilled nursing coverage as active employees, even though they pay the same premiums.

Medicare provides up to 20 days of full coverage following a required 3 day hospital stay, with limited coverage thereafter. The Empire Plan does not provide supplemental skilled nursing coverage for Medicare-primary retirees, while non-Medicare enrollees receive up to 120 days of coverage.

This disparity is inequitable and inconsistent with the long-standing understanding that Medicare integration would supplement, not reduce, State health benefits.

RPEA will be advancing legislation to require transparency regarding cost estimates and to ensure parity in coverage. Retirees deserve equal access to care.

Modernize the Pension Cost of Living Adjustment (COLA)

The pension COLA was enacted in 2000 and has not been updated in 25 years, despite sustained increases in the Consumer Price Index.

The current formula applies only to the first \$18,000 of pension income and is capped between 1% and 3%, regardless of actual inflation. Over the past 25 years, cumulative CPI has increased approximately 87%. Even under maximum COLA assumptions, retirees have seen far less growth in purchasing power.

The result is steady erosion of fixed incomes.

Retirees who planned responsibly and relied on the pension system they were promised are now absorbing the cost of inflation without meaningful adjustment. RPEA will be advancing legislation to modernize the COLA formula and restore fairness. We urge your support.

Protect Retiree Healthcare from Involuntary Reduction

Across the state, local governments have attempted to transfer retirees into different healthcare arrangements, including Medicare Advantage plans, in order to reduce costs.

Retirees have successfully challenged these efforts in court, demonstrating that the healthcare benefits provided at retirement are binding commitments.

RPEA supports legislation to prohibit involuntary reduction or alteration of retiree healthcare benefits.

Retirees must not be forced into plans they did not agree to and that may limit provider access or increase out-of-pocket costs.

Modernize Pension Earnings Cap

Under current law, retirees under age 65 who return to public employment are generally subject to a \$35,000 annual earnings limitation under Section 212 of the Retirement and Social Security Law. If a retiree exceeds that threshold, their pension benefits may be suspended for the remainder of the year.

The \$35,000 limitation no longer reflects current wage levels or economic realities. In many parts of the State, even part-time or temporary public service positions can approach or exceed that amount.

RPEA supports increasing the annual earnings limitation from \$35,000 to \$50,000 beginning in 2025.

Updating the earnings limitation would allow experienced retirees to assist public employers facing staffing shortages while providing retirees modest additional income to offset rising healthcare and living costs. It does not expand pension benefits. It simply modernizes an outdated threshold to reflect current conditions.

We respectfully request that the Legislature incorporate the Section 212 earnings limitation reforms into the final budget agreement.

Conclusion

New York's public retirees are integral members of every legislative district. They served our communities, educated our children, maintained our infrastructure, and protected public safety.

Today, they are asking for one thing: that the promises made to them be kept and that their retirement remain affordable.

We respectfully urge the Legislature to reject cost shifting, modernize the COLA, ensure healthcare parity, and protect retiree benefit security.

Thank you for your consideration.