



TESTIMONY BY THE NEW YORK STATE PUBLIC EMPLOYEES FEDERATION RETIREE ORGANIZATION

Labor/Workforce Development - Joint Legislative Budget Hearing
2026-2027 Executive Budget Proposal

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Retiree Organization

Good afternoon Chairpersons Krueger, Pretlow, Jackson, Pheffer Amato, Ramos, Bronson and other honorable members of the legislature. On behalf of the more than 22,000-member New York State Public Employees Federation Retirees Organization, we want to thank you for the opportunity to speak to you about the 2026-27 Executive Budget proposal and its impact on public-sector retirees.

New York State's retirees are facing an affordability crisis because of inflation. While the overall inflation rate has moderated (+2.4%), retirees are being negatively impacted by very specific areas of the inflation index that continue to grow at much higher rates than the general rate of inflation. For example, retirees can limit spending on clothing and other discretionary items, but retirees cannot forgo food (+2.9%), electricity (+6.3%), medical care services (+3.9%) and natural gas (+9.8%). The continued increase in these costs is pressing retirees on fixed incomes to make hard choices about how they live their daily lives, the prescriptions they take, and when to seek treatment and care, to name a few.

New York's retired public employees ask that policymakers reject proposals that increase out-of-pocket costs for those on fixed incomes and enact policies that support maintaining the standard of living for our retirees:

Unilateral Reduction of Income Related Monthly Adjustment Amount (IRMAA) for Retirees
– (S.9005/A.10005 – PPGG - PART EE)

Governor Hochul has again proposed legislation in the Executive Budget that cuts the IRMAA benefit for certain retirees in the Medicare Part B program. Currently, all retirees are required to participate in the Medicare program at age 65 with New York reimbursing retirees for the cost of their Part B premiums. Even though retirees are participating in Medicare, they continue to pay the premium share for single or family participation in the New York State Health Insurance Plan (NYSHIP) offerings. Depending on the retiree's date of retirement and program election, individual coverage in NYSHIP ranges from \$150 to \$228 per month with the family plan costing between \$556 to \$771 per month. The state has provided the Medicare Part B reimbursement benefit because it saves the state money when Medicare becomes the primary provider even though some of Medicare's benefits are less generous than those provided by NYSHIP.

The Governor's proposal would retroactively and arbitrarily discontinue the IRMAA Medicare Part B reimbursement for retirees who retired after 2012 from positions in grade 9 or above. As previously stated, given rising costs, the elimination of this will negatively impact retirees who dedicated their

lives to public service and are now on fixed incomes. PEF retirees do not have the financial flexibility to go out and earn extra money in response to unilateral cuts to their health insurance benefits.

NYSHIP retirees living on fixed incomes were promised a level of support for their healthcare in retirement. It is shortsighted to achieve savings on the backs of retired public servants, and the enactment of such a proposal will certainly not help the state's recruitment efforts moving forward.

Budget Request: REJECT the Governor's proposal to cut IRMAA (PPGG S.9005/A.10005 – PART EE)

To address the continued affordability problem for the state's retirees, PEF Retirees recommends enactment of the following:

(1) **Improve the Permanent COLA Law (Chapter 125 of the Laws of 2000):**

New York's landmark Permanent COLA law is now 26 years old and has not been improved since it was enacted. This law provides an annual COLA adjustment to eligible retirees equal to 50% of the annual inflation rate (as measured by the Consumer Price Index – U.S. City Average) multiplied by the retiree's annual pension up to a maximum of \$18,000.

One of the major shortcomings of this law is the \$18,000 maximum base used to calculate the annual COLA has not increased in 26 years. The PEF Retirees membership believes the state needs to build an escalator to increase this amount annually so that the state's permanent COLA law more adequately replaces purchasing power lost to inflation.

In order to address the continued erosion of retiree purchasing power in a pragmatic manner, we urge lawmakers to pass legislation which would increase the current \$18,000 maximum base annually by 50% of the annual rate of inflation up to a maximum of 3% and a minimum of 1% (S.6631 by Sen. Jackson/A.5875 by Asm. Pheffer Amato). If enacted, this legislation would provide some additional inflation protection for the state's retirees.

Budget Request: PASS COLA Improvement Legislation (S.6631 by Sen. Jackson/A.5875 by Asm. Pheffer Amato).

(2) **Skilled Nursing Benefit:** (S.4724 by Sen. Fahy/A.6091 by Asm. McDonald)

As previously discussed, public-sector retirees are required to enroll in Medicare when they become eligible at age 65. This saves the state money as Medicare becomes the primary payer for the retiree. Unfortunately, some retirees lose benefits as a result of this transition.

Currently, public retirees are losing the skilled nursing care benefit when they enroll in Medicare. The benefit for active employees and pre-Medicare retirees is 120 days without a requirement for any prior hospitalization. For Medicare-eligible retirees, the benefit is 20 days with a three-day prior hospitalization requirement. This unnecessary change can translate into hundreds of thousands of dollars in unanticipated costs for retirees who require these services.

The current law should be amended to provide the same coverage for NYSHIP retirees that they had prior to their enrollment in Medicare.

Budget Request: PASS Legislation to Provide Skilled Nursing Benefit Equity (S.4724 by Sen. Fahy/A.6091 by Asm. McDonald)

On behalf of the 22,000 PEF retirees that we represent, thank you for the opportunity to share our concerns with you. We look forward to working with you to address these and other ongoing affordability issues.

Respectfully Submitted,

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