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NYSCOPBA files Federal Lawsuit to Protect Retiree Health Insurance Benefits

Cuomo Administration imposes drastic cost increases on retired state employees

ALBANY – The New York State Correctional Officers and Police Benevolent Association, Inc., (NYSCOPBA), in collaboration with other public employee unions representing New York State employees, today filed a lawsuit in the United States District Court for the Northern District of New York, challenging the Cuomo Administration’s unilateral and unconstitutional increase in the health insurance contribution rates. The legal challenge applies to significant increases in the percentage of health insurance costs unilaterally imposed by the Administration on all retirees, effective October 1, 2011, and covers all current and former NYSCOPBA members who have vested health insurance benefits upon retirement.

“Our members selflessly work to protect New Yorkers in some of the most dangerous environments in the state. They have earned these benefits, and they are entitled to the coverage that the state agreed to when they retired,” said NYSCOPBA President Donn Rowe. “Not only is this change unconstitutional, it’s just unfair. The Cuomo Administration should recognize its legal obligations to its retirees and not shift its financial burdens on those least able to absorb the hit.”

As part of a previously negotiated agreement with the state, NYSCOPBA members contribute to their health insurance and retirement costs during their careers – in some cases, over decades of service – in exchange for a continuation of health benefits in retirement. While the current average retirement benefit for most State employees is about \$19,000, older retirees receive much less. These changes will inflict a severe, disproportionate and unexpected financial burden on retired employees, most of whom rely upon a fixed and limited pension income.

NYSCOPBA asserts its members have a vested right to a continuation of these health insurance benefits in retirement, and that the Cuomo administration has failed to recognize these constitutionally protected rights, or comply with the legal requirements necessary to extend increased rates to retirees.

Since 1983, State retirees have contributed 10 percent towards the cost of individual health insurance coverage, and 25 percent towards the cost of family coverage, based on the percentages in effect under the collective bargaining agreement in force when they retired. The changes imposed by the Cuomo Administration on October 1, 2011, increased the percentage of contribution two percent for both individual and family coverage. Earlier this year, CSEA and PEF negotiated contract changes to the employee

share of health insurance coverage for their active employees going forward. However, there were no discussions or agreements made regarding changes involving retirees, and no basis to extend increased contribution rates to retirees.

The Cuomo administration has indicated that it will also unilaterally impose a six percent increase for retirees who retire on or after January 1, 2012 – for those who retire from a salary grade 10 or higher title, or equivalent – resulting in a 16 percent contribution for individual coverage and a 31 percent contribution for family coverage. These changes will result in a 60 percent increase in contribution costs for individual coverage and a 24 percent increase for dependent coverage. As a result, effective January 1, 2012, a retiree on fixed income covered under the Empire Plan would pay about \$450 more annually for individual coverage and about \$1,380 more for family coverage. Costs for other State health insurance options would vary according to the plan.

Prior to the commencement of this litigation, all of the public employee groups sought an explanation from the Cuomo Administration and sought to avoid these changes prior to its imposition on retirees. The State must now respond to the legal complaint next month. The changes affect approximately 202,000 state retirees and dependents in NYSHIP.

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