




New York State Correctional Officers & Police Benevolent Association, Inc.

102 Hackett Blvd. - Albany, NY 12209
(518) 427-1551 nyscopba@nyscopba.org



PLEASE POST

To: All Chief Stewards

From: Donn Rowe, President 

Date: February 25, 2011

Re: Rumors of Changes in the Method of Calculating Retiree Health Insurance Premiums

This memo addresses a rumor that NYSCOPBA has recently become aware of that pertains to a possible change in the way the State calculates members' retiree health insurance premiums. While we have not yet been able to obtain any official confirmation that the State plans on implementing such a change, we believe that, in these times, this is a very real threat. What follows is an explanation of how the retiree health insurance credit is currently calculated, the change we understand is being considered, and some of the ways that NYSCOPBA may challenge such a change.

Presently, up to 200 days of members' accumulated sick leave credits can be used to pay for health insurance in retirement. The Department of Civil Service uses a formula and an actuarial table (a table which, essentially, predicts how long the member can be expected to live after retirement) to calculate a lifetime monthly credit, an actual dollar amount, that can be used to reduce the cost of retiree health insurance.

Once that credit has been established, it is then applied toward a member's retiree health insurance premiums, reducing the member's share of health insurance premiums for the rest of the member's life. While the premiums increase over time due to increases in the cost of providing the benefits, the member's credit remains the same.

Under the formula utilized to calculate this credit, there are two important factors that impact the value of the credit. Obviously, the more sick leave a member has accumulated, the greater the credit will be. Conversely, the larger the number of months the member is expected to live after retirement, the lower the credit will be.

Through negotiations over the years, the lifetime cap on the number of days that can be accumulated and utilized to reduce retiree health insurance premiums has increased, while the same formula and actuarial table has been in place for many, many years.

Rumors have recently surfaced which, if true, indicate that the State is planning to use a new table to calculate the credit. According to these rumors, the new actuarial table would increase members' life expectancy, which would reduce the lifetime credit. While it appears clear that a change is being considered, the rumors suggest that the change would be implemented prospectively on April 1, 2011. Again, we have sought confirmation from the State as to what their plans are and have demanded that they cease and desist in any plan to unilaterally implement a change.

Further, many studies clearly support the unfortunate conclusion that the life expectancy of NYSCOPBA's membership is significantly less than that of other public employees. Even if some modification of the actuarial table was authorized, it is NYSCOPBA's position that utilizing an actuarial table that does not accurately reflect the life expectancy of its members is irrational, arbitrary, capricious, and unlawful.

Additionally, we have asked the attorneys to prepare to bring litigation to challenge such changes if the State attempts to implement them. It is NYSCOPBA's position that this valuable lifetime credit is a monetary benefit and is therefore a mandatory subject of negotiation that cannot be changed without first negotiating with NYSCOPBA.

Rest assured that NYSCOPBA is investigating these rumors and is prepared to utilize all of its resources to protect members' rights. If the State intends on unilaterally implementing such a plan, we are prepared to bring litigation to challenge it.

NYSCOPBA appreciates the significance of this issue to all of its members, and will spare no resource in fighting to protect you, the member, from any unilateral diminishment of this important benefit. We will keep you informed as we learn more about the State's intentions with respect to this issue and any action NYSCOPBA may bring to challenge such a change.

CC: Executive Board