

# Illinois Policy Institute report makes bogus claims about state employees

## *IPI Claim: Illinois can't afford the current health insurance arrangement*

### **FACT: The state's costs for employee and retiree health care has remained flat**

- From FY 12 to FY 16, the state's net cost for the group insurance program increased by only \$2.7 million—that's a 0.12% increase.
  - The introduction of the Medicare Advantage Program and employee cost increases agreed to as part of the 2012-2015 bargain moderated against cost increases for the state.
  - In contrast, member and retiree contributions combined increased by 50% over that time.
- Prior to the roll-back of the income tax rates, Illinois was able to appropriate necessary funding and pay down the backlog of bills incurred under the Group Health Insurance Program.

## *IPI Claim: AFSCME workers receive Cadillac health care benefits*

### **FACT: Illinois employee health insurance is in line with other state workforces**

- State employee health care costs in Illinois are in line with other state workforces—both in terms of premium contribution and health plan value.
  - According to the PEW study on State Employee Health Plan spending, the average employer premium contribution across states is 84%; in Illinois, the state's premium contribution is 83%.
  - Health plans provided by states to their employees have, in general, actuarial values consistent with Illinois. The average across states is 92%, the same as Illinois.
- Of the surrounding states that offer HMO plans, Illinois employees contribute a greater dollar amount and percent toward the premium cost of their insurance than counterparts in other states. In contrast, the state's dollar contribution is average.
- The Governor's health care proposal, which would have state employees pay 40% of their health care costs, moves Illinois from the middle to 5th worst for health benefits for state employees.

### **FACT: Rauner's insurance proposal is out of sync with the private sector too**

- The cost shifting contained in the Governor's proposal would mean that the average state employee's HMO premium contribution would increase to \$241 per month for single coverage and \$563 per month for family coverage. Nationally, the average worker's monthly HMO premium contribution is \$108 for single coverage and \$394 for family coverage.
- Under the Governor's proposal, the average state employee's PPO premium contribution would increase to \$291 per month for single coverage and \$872 per month for family coverage. Nationally, the average worker's monthly PPO premium is \$101 for single coverage and \$411 for single coverage.
- The Administration's proposal would have state workers paying thousands more per year in premium contributions than similarly situated private sector workers.

### **FACT: Rauner agreed to higher health costs for the teamsters**

- As part of the Teamster settlement, Rauner agreed to pay **65% more toward** their health insurance costs than what the Administration is offering to contribute towards the health insurance costs for AFSCME members.

### **FACT: The administration's proposal would make health care unaffordable for families**

- According to the Commonwealth Fund Health Care Affordability Index, health care costs were deemed unaffordable if premium contributions or out of pocket costs exceed 10% of income.
- Under the Administration’s proposal, to keep the current insurance plan, premium contributions for family coverage would amount to \$4,728 a year for the managed care plans and \$10,464 a year for the PPO plan—that’s 7.5% and 16.6% of earnings, respectively, for the median employee earning \$62,800.
- Out of pocket costs of \$6,850 a year for single coverage and \$13,700 a year for family coverage, not untypical of the other “options” they administration would like to offer, amount to 11% and 22% of median state employee earnings.

**FACT: Illinois retiree health care costs are over inflated by IPI**

- The outdated data used by the IPI is before the state Medicare Advantage plans were implemented. The introduction of the Medicare Advantage Plans in FY 14 significantly reduced the state’s health care liability and has saved the state hundreds of millions of dollars.
- Paying a greater percentage retiree health insurance premiums does not necessarily mean Illinois’ costs are greater. For example, if the annual premium cost for a retiree is \$5400 and a state pays 50%, that’s a cost of \$2,700—more than paying 100% of the Illinois Medicare Advantage plan, which costs \$2,464 per year.

***IPI Claim: 17 other unions were able to reach agreements, AFSCME is unwilling to compromise***

**FACT: Rauner is misrepresenting the terms of the agreements reached with other unions**

- The Administration’s settlement with the Teamsters is far more generous than what is being offered to AFSCME members.
- The building trades unions did not agree to forgo wage and step increases for 4 years. Instead the Administration agreed to pay those employees whatever the “prevailing rate” is for work in their trade in their region, no matter how much the rate may increase each year.

***IPI Claim: Illinois state workers are the highest-paid workers in the country***

**FACT: State employee compensation in Illinois ranked competitively like private sector**

- In general, Illinois is a high wage state. According to a University of Illinois Study, Illinois ranks 10<sup>th</sup> in private sector wages and 9<sup>th</sup> in state employee pay. In 2011 Illinois’ economy ranked tenth in the nation in annual mean wages and ninth in annual mean wages for state government workers.
- The average worker in Illinois is in general paid above the national average because Illinois is a high wage state and its workers are highly educated.
- State workers in Illinois make less than other high wage states, including neighboring Iowa and Minnesota. Illinois state workers’ total compensation is less than the average for state government employees of other high-wage states such as California and New York, and also less than some nearby Midwestern states such as Iowa and Minnesota.