



**Idaho State Senate
Idaho House of Representatives**

**State Capitol
P.O. Box 83720
Boise, ID 83720-0081**

October 19, 2009

Honorable C.L. "Butch" Otter
Governor of Idaho
P.O. Box 83720
Boise, ID 83720

Dear Governor Otter:

We are writing today on behalf of the members of the Senate and House Democratic Caucuses to share our concerns about your proposed action to require certain part-time employees of the State of Idaho to assume payment of a greater portion of their group insurance premiums. We respectfully request that you delay implementation of this decision.

According to guidance issued by Department of Administration Director Gwartney, qualifying state employees will be required to start paying higher premiums – in some cases nearly \$300 a month more - for their health care benefits starting November 1. If the employees "choose" not to pay the higher premiums, they cannot stay in the State health insurance program. In many instances there is no choice to be made – the part-time worker cannot possibly afford the increased premium.

We are particularly disappointed with the timing of this action by your office and the lack of formal legislative or public hearing in your decision making. The announcement of this major shift in policy came exactly one week after the 2009 legislative session adjourned. It came without any formal or public discussion in the Legislature. Moreover, the fact that the cost shift is slated to be implemented on November 1 means it will go into effect before the Legislature returns for the upcoming session.

According to the Legislative Services Office, your action has the potential to shift additional health care benefit costs onto 2,154 part-time state employees. * **This is ten percent of the total state workforce.** A decision of this magnitude should have been made openly and in full consultation with the legislative branch.

Research conducted by the Legislative Services Office, and recently presented to the Joint Finance & Appropriation Committee, concludes that shifting the cost of health insurance premiums from the State to the part-time employees will result in projected agency "savings" of \$2.7 million annually. * Only about one-third of that \$2.7 million, or \$900,000, will come from general funds where our revenue problems lie; the rest is federal or dedicated funds. Moreover, **this budget calculation does not take into account the fiscal offset that is likely to occur when the State has to assume additional costs to the Medicaid and Catastrophic Health Care programs as part-time state employees drop their health insurance and**

*These numbers do not include ISU and BSU because data from these employers were not available.

turn to public assistance to cover their medical needs and those of their families. We have already heard from part-time state employees who are making just such a move.

Part-time state employees are not appointed department directors and division administrators earning comfortable salaries. Among other things, our part-time state workers are new moms trying to find a way to stay home with their small children, long-time clerical workers earning some of the lowest wages in state government, and seasonal workers who have become the sole wage earners in their families because of a spouse's job loss in the private sector. These workers are struggling to provide for their families' basic needs and your action makes their struggle all the more difficult. Your action could mean that our agencies lose this dedicated, flexible and important part of our workforce and take away one of the few tools state agencies have available to them to recruit and retain staff.

This action does nothing to deal with the real problem which is out-of-control health care costs. **When adding together individuals covered through Medicaid, the catastrophic fund, state employee health benefits, and incarceration, state government is the largest health care purchaser and provider of coverage and care in Idaho.** Rather than shifting insurance costs onto workers who can ill afford them, efforts should be made to use the State's bargaining position to lower State government's health care costs as a whole. You are in a critical position to lead such an effort and we encourage you to do so.

As a nation and a state, we must find a way to provide more Americans with access to preventative care and insurance and reduce the need for expensive emergency care. Rather than working to address this problem, your action will only increase the number of uninsured in our state and potentially increase the cost of health care for all Idahoans.

For the reasons stated above, we respectfully ask that you delay any action with regard to part-time state employee insurance premiums and instead institute a comprehensive, inclusive and publicly transparent process to review the State's health care costs and identify opportunities to reduce those costs. Thank you for considering this request.

Sincerely,



Senator Kate Kelly



Representative John Rusche

Cc: Mike Gwartney, Director, Idaho Department of Administration
Donna Yule, IPEA
Pro Tem Bob Geddes
Speaker Lawrence Denney