

- **SEBAC 2011 Tentative Agreement Q & A**

- **Job Security**

Q: *I've heard that the agreement provides full job security for current non-temporary employees. I've also heard it doesn't prevent programmatic changes or closures. Which is it?*

A: It's both. No agreement can prevent the governor or the legislature from making changes in government programs. Our agreement means a current employee covered by job security protection can't be laid off, so in the case of those changes, a comparable position must be found or the employee must be paid comparably until one is found.

Q: *How will members' jobs be protected if the tentative agreement is ratified?*

A: The tentative agreement includes 4 years of layoff protection for permanent employees on the job effective July 1, 2011. It's a suggestion of the SEBAC agreement, but it's actually a part of the individual bargaining unit contracts. Members of bargaining units that sign up for the 2 years of wage freezes and 3 years of 3% raises and increments will have 4 years of protection from layoffs. Units that vote down the 0-0-3-3-3 framework for raises will not be protected.

- **Healthcare**

Q: *Why does extending the current SEBAC agreement from 2017 to 2022 matter to our healthcare benefits?*

A: Healthcare for current employees and retirees would have been up to an arbitrator or the General Assembly in July of 2017. The tentative agreement protects our healthcare benefits for another 5 years.

Q: *Does this mean the legislature could have imposed Sustinet or any other healthcare changes without SEBAC's consent if our agreement expired in 2017?*

A: That's right. Those who believe, or say they believe, that SEBAC 2011 allows the Legislature to "force Sustinet" on state employees have it precisely backwards. SEBAC 2011 guarantees that healthcare changes could not take place without state employee consent for at least 5 more years, until 2022.

Q: *If I don't comply with the Health Enhancement Program, how will that affect me?*

A: If you choose not to join the Health Enhancement Program, you will pay an additional \$100 per month premium share, and \$350 per person per year deductible. If you have family coverage, the maximum is \$1,400. If you join the Health Enhancement Program but then refuse to comply with its requirements after due notice and opportunity to correct, you will be assessed those same

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fees. You can rejoin the program and stop the fees and deductible after 30 days simply by coming into compliance with the requirements of the HEP.

Q: *Won't the insurance companies accuse me of not complying with the Health Enhancement Program so they can increase my rates?*

A: The state is self-insured, and insurance vendors are just paid a fee to administer our claims. Those fees are unaffected by whether you are participating in the Health Enhancement Program.

Q: *Will the state try to play "gotcha" so they can throw me off the Health Enhancement Program?*

A: The administrative costs of kicking you off the Health Enhancement Program for a month, especially since it's subject to an appeal to a neutral arbitrator, far exceed the money that would be brought in through increasing your premiums. The state's savings are realized when we make better healthcare choices, not from temporarily throwing a few employees off of the Health Enhancement Program.

Q: *So are you saying we really took advantage of the governor and the Health Enhancement Program won't save money?*

A: Absolutely not. The real savings from the new Health Enhancement Program comes from members staying on and getting the information they need to make the best decisions about their health. We are proud that this program was advised by a top union-side healthcare consultant and found a way to save money while actually improving our health plan instead of hurting it.

Q: *If I join the Health Enhancement Program, who will decide if I'm making the best decisions about my own health care?*

A: You will, with your doctor's help, just as you do now. The Health Enhancement Program is an effort to get the most number of state employees the best information about their health status, and assumes that most people, given the right information, will make the best choices. There are no penalties for making the wrong choices.

Q: *I have one of the 5 listed diseases. Does that mean I have to let a third party make my healthcare choices or pay the extra \$100 per month?*

A: Absolutely not. If you have one of the 5 listed illnesses, and you chose the Health Enhancement Program, you will get free office visits for your illness and reduced pharmacy co-pays. You will also get disease counseling and education through programs already administered by our current insurance carriers. But counseling and education means what it says -- you will get information about your illness and telephone suggestions from a nurse practitioner connected to

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the disease counseling and education program. You are not required to follow the suggestions of the disease education and counseling program. As always, the decision about what treatments to get is up to you and your doctor.

Q: *If I want to avoid the \$100 a month premium increase and new deductible, will I have to change doctors under the Health Enhancement Program?*

A: No. To avoid the increases and to potentially get decreases in some prescription drug co-pays and office visits, you add the health enhancement program to your current plan. Nothing else changes including choice of doctors, hospitals or treatments.

Q: *Under the Health Enhancement Program, do all my covered family members need to comply for me to save the \$100 per month?*

A: Yes. If you cover them, they need to follow the rules of the Health Enhancement Program. But anyone choosing not to will have plenty of notice and an opportunity to appeal or correct their non-compliance before any fees are assessed. They'll also have an opportunity to return to the program once they comply.

Q: *If there are no treatment requirements, what does the Health Enhancement Program require?*

A: You must sign a written commitment to get the age appropriate physicals and screenings listed in the agreement. And if you have one of 5 listed illnesses, you will have to sign up for disease counseling and education. You do not make any promise, and will not be judged on whether you follow any recommended treatment approach or take any particular medication.

Q: *Why does the Health Enhancement Program require me to get two dental cleanings?*

A: It's all part of getting you the information necessary to help you make your best choices. Dental cleanings are more effective than physicals in early detection of certain kinds of oral cancer, and in detection and treatment of periodontal illness linked to heart disease. The proposed agreement lifts the cap on periodontal treatments, and removes the co-pays for the dental cleanings.

• **Prescription Drugs**

Q: *My local pharmacy says I'll no longer be able to fill my prescriptions there if the SEBAC tentative agreement passes. Is that true?*

A: Only partly. There is a new mandatory mail-order prescription program, but it affects only "maintenance medications" – drugs you take for a long period of time. Other medications, like antibiotics for strep throat for example, will

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continue to be available through local pharmacies. Even for maintenance medications, the first order for any prescription will be available at the local pharmacy. Renewals will be delivered by mail to your home, with a 90-day supply available for a single co-pay. There is currently even an option to have the mail order delivered to your local CVS, and we are hoping to have that option extended to any local pharmacy.

Q: *Is it true the new SEBAC tentative agreement would raise my prescription drug co-pays?*

A: The new agreement raises some drug co-pays and lowers others. Non-maintenance drugs will have their co-pays moderately raised from \$5/10/25 to \$5/20/35 for generic, preferred brand name, and other brand name drugs. These are the drugs that affect the smallest number of state employee prescriptions. Maintenance drugs costs, which have a far greater impact on state workers are unchanged by the proposed agreement. And co-pays for the listed diseases, which affect about 10,000 state employees, are actually lowered to free for generics, \$5 for preferred band names, and \$12.50 for non-preferred brand names. Diabetes medications remain free to state employees.

• **Retiree Healthcare**

Q: *How are employees that weren't paying for retiree healthcare going to begin contributing? And what if they leave state service without qualifying or want to waive coverage?*

A: Starting in 2013, current employees who were not already paying 3% of their salary towards retiree healthcare will start to pay ½% that July, increasing to 2% in July of 2014, and 3% in July of 2015. They will contribute for 10 years, or until they retire, whichever happens first. They get their contributions back if they retire without qualifying for retiree healthcare. And if they can show they have retiree healthcare available from another employer, they can waive coverage.

Q: *I'm confused by the wording of the new 15-year requirement for retiree healthcare. I understand it will affect all new employees. Is there any way to say more simply how it will affect current employees?*

A: Current employees do not have to meet the 15-year requirement in order to be eligible for retiree health care. New employees do.

Q: *Regarding the new chart of retiree healthcare premium shares for employees who choose to retire before their normal retirement age, is that in addition to the premium share they would currently pay if they choose the POS plan? Is it in addition to the \$100 a month they would pay if they choose not to enroll in the Health Enhancement Program?*

A: No. This premium is instead of the previously existing premium shares. The \$100 a month payment would be in addition to any other premium share owed by a retiree who declines to enroll in the Health Enhancement Program.

- **Retirement Security**

Q: *When does the rule change regarding pension calculations take effect under the tentative agreement?*

A: The normal retirement age stays exactly what it is until July 1, 2022, 5 years after the existing agreement would have expired. There is a new Tier 3 for employees hired after July 1, 2011 that affects brand-new employees only. And there are some changes in the rules regarding early retirement; it will be less subsidized than it previously was and, depending on how early you retire, there could be a healthcare premium for those retirees who choose not to work until the normal retirement age. That will begin to take effect in, for those who retire after September 1, 2011, and that change is also delayed for people with 25 years or more service as of July 1, 2011 until after July 1, 2013.

Q: *Can you explain the Tier 2 breakpoint in the tentative agreement?*

A: The Tier 2 breakpoint, which also applies to Tier 2a, affects the pension multiplier, which is the percentage that is multiplied by an employee's years of service and final average earnings to compute their pension. The breakpoint is the dividing line between a Tier 2 or 2a's lower multiplier, 1.333%, which applies to all salary below the breakpoint, and its higher multiplier, 1.8333% which applies to all salary above the breakpoint. That breakpoint is currently at \$54,800, and has been going up 6% every year. The effect is to gradually lower the value of pensions, especially for lower paid employees

Q: *What does the proposed tentative agreement do about the Tier 2 breakpoint?*

A: The agreement sets aside ½% of the covered payroll by the state to be used to eliminate or moderate the negative effects of the breakpoint. We have tried to address this issue since 1997 and this is the first time we've been successful.

- **Ratification Process**

Q: *How does SEBAC vote on the agreement -- and how do individual unions vote on the agreement?*

A: SEBAC leaders have recommended the agreement to their unions' members, and most, but not all, unions have contract extensions their leaders are recommending as well. (Some unions are still working on the details of those extensions) Each union will now vote on the SEBAC provisions as well as any contract extensions or new contracts negotiated for their bargaining units. For the SEBAC provisions to pass, no more than one union can vote to oppose them. In addition, each union gets a weighted vote (called *per capita*

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votes) based on the size of its membership. At least 80% of this weighted vote must be cast in favor of the provisions for them to pass.

Q: *Do union leaders divide this weighted vote depending on the exact percentage by which their members voted on the agreement?*

A: No. Each union leader casts all of their votes as a "yes" or "no," depending on how the majority of their union's membership voted on the SEBAC changes.

Q: *If some unions reject the agreement, would other unions be able to implement any of its provisions?*

A: If the SEBAC changes pass, they will affect all unions, except that any union that rejects its individual contracts won't have the benefit of the job security protections in the SEBAC agreement. If the SEBAC changes fail, the individual unit contracts would fail as well since they are premised on the overall agreement.