

Presentation to the
Retiree Healthcare Benefits
Advisory Subcommittee

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A little about me:

- native Delawarean
- Brandywine HS, West Chester Univ, U of Delaware, California Coast University – E.D.
- former science teacher, building and central office administrator – 37 years experience
- worked in the duPont Finance Department for two years
- worked in Pennsylvania for five years and retired at age 61
- married, with two sons and five grandchildren

Delaware Retired School Personnel Association:

- was founded in 1956
- goal is a dignified retirement for every former public school employee
- is governed by a 21-member Executive Board that meets at least quarterly
- has studied the long-term health care liability issue extensively
 - ✓ representatives attended most RBSC meetings
 - ✓ issued a comprehensive Position Paper in March 2020
 - ✓ made a presentation to the RBSC
 - ✓ Secretary Geisenberger made a presentation to DRSPA Board

There are only three ways to address the health care liability:

- increase the state's cost i.e., increased costs to taxpayers
- increase the retirees' cost – e.g. increased premiums & copays; reduced coverage of spouse
- limit services – e.g., in-network v. out-of-network, hospital lab services v. walk-in

Pensions v. Salaries :

The average State pension is \$24,587¹ per year.

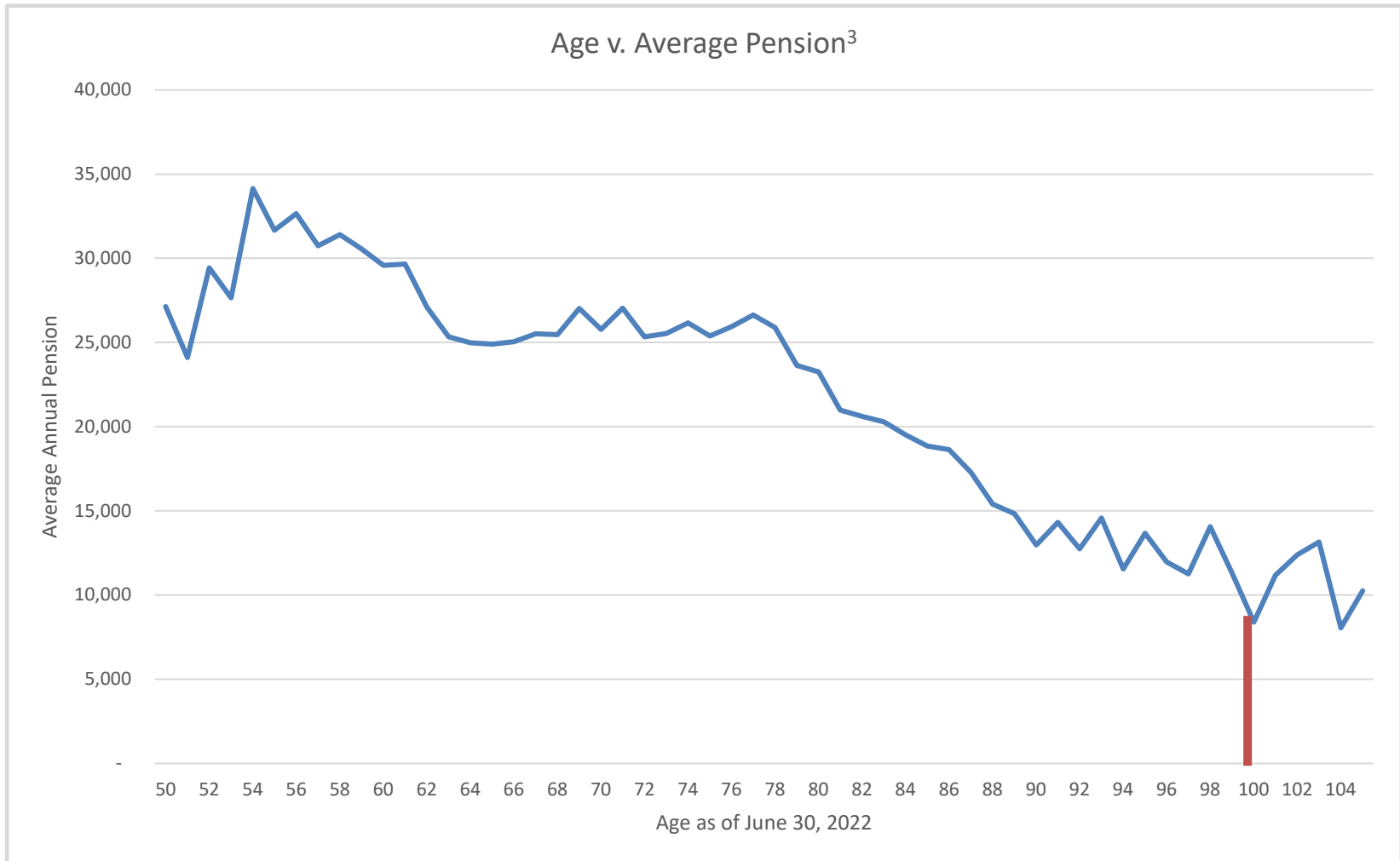
Average Social Security payment is \$18,551 per year, for a total of \$43,188.

The average state employee salary is \$61,228².

Is it fair to burden those with lowest income with additional health care costs?

1 & 2: Delaware State Employees' Pension Plan Actuarial Valuation as of June 30, 2022,
Section I – Board Summary, Table 1, page 9

Age v. Pension Amount:



- 3. Delaware State Employees' Pension Plan Actuarial Valuation as of June 30, 2022, Delaware State Employees' Pension Plan Annual Benefit Distribution by Age, page 34

Pensioner v. Employee premium cost:

- Medicare retirees are already paying a higher monthly premium for health care.
- Monthly premiums for individual employees range from \$30.22⁴ to \$114.30 per month.
- A Medicare retiree is required to pay the Medicare premium of \$164.90 per month.
- \$50 more than the highest employee's premium.

4. State of Delaware Health Plan Comparison Chart (Effective July 1, 2022)

Pensioner v. Employee state cost:

- Health care needs, and therefore costs, increase as we get older.
- Is Delaware's cost for health care for older retirees higher than employees? The answer is "no".
- Delaware pays an average \$744 per month towards an active employee's and non-Medicare retiree's premium,
- and pays \$459 towards a Medicare pensioner's Special Medicfill premium.
- So, Medicare retirees are a \$285 a month bargain for the State.

To summarize, increasing Medicare retirees' health care costs would place an additional financial burden on a group that

- lives on significantly less income,
- already pays the highest individual premium, and
- receives 38% less state funds towards their health care.

Thank you for the
opportunity to present one
retiree's view of this very
important task.

Wayne E. Emsley
March 16, 2023