

American, Federation of State, County & Municipal Employees, AFL-CIO

MEMORANDUM

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State of CT- Corrections

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New Haven Supervisors

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New Britain Board of Education

Edward Zimnoch, Local 1303
CT Municipals

DATE: October 3, 2006

TO: NP-4 Presidents

FROM: Albert J. Chiucarello
Staff Representative

I'm offering the Wyman correspondence to SEBAC.

It pertains to Health Cost issues. I will let you know what transpires.

Thank you.

AJC/lb

Attachment

cc: NP-4 Vice Presidents
NP-4 Secretaries
Council 4 NP-4 Team

State of Connecticut



NANCY WYMAN
COMPTROLLER

MARK E. OJAKIAN
DEPUTY COMPTROLLER

Hartford

September 28, 2006

Daniel E. Livingston, Esq.
Livingston, Adler, Pulda, Meiklejohn & Kelly, P.C.
557 Prospect Avenue
Hartford, CT 06105-2922

Dear Attorney Livingston:

I am in receipt of your letter dated September 12, 2006. Per your conversation with Deputy Comptroller Mark Ojakian, we have confirmed our attendance at the SEBAC meeting on October 4 at 9:30. You specified three issues you would like to discuss and I wanted to take this opportunity to address them prior to the meeting so all of the members would be able to review my response.

The letter makes reference to the health and dental contracts which are scheduled to expire July 1, 2007 and the impression that talks are currently underway to extend those contracts for an additional year without discussions with SEBAC. Let me correct this misimpression. There has been no decision made to extend these contracts or any discussion as of this date. The misimpression arises, I believe, because of our agency's need to present to the Office of Policy and Management (OPM) estimates of the health care costs for the next biennium. The current health care providers were asked to provide cap guarantees for FY08 based on the trend formulas negotiated in 2005. This was the basis for our budget estimates provided to OPM and this was presented to the Health Care Cost Containment Committee. I will await the recommendations of the HCCC before making a final decision on this matter.

Your letter also raises the issue of employees' health benefits being terminated incorrectly without notice. First let me say that I share your deep concern over this. It appears that these terminations fall into three categories: employees who are on unpaid leave, employees who are on workers compensation, and active employees who have an error in their payroll record due to inaccuracies at the agency level. This includes discrepancies on the number of dependents covered. My staff is working very diligently with all the state agencies involved and the health care carriers to remedy this situation.

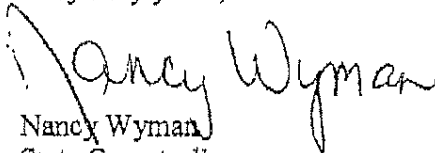
Daniel E. Livingston, Esq.
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In the meantime, no employee will be cancelled until a final solution to this issue is achieved.

Finally your letter suggests that the analysis to determine the state's liability for retiree health insurance under GASB 45 has progressed substantially and that these numbers have not been shared with the union side of HCCC or SEBAC. Our health care consultant provided us with a very preliminary estimate of the state's liability in November of 2005. This summary was provided to both management and union members of HCCC. The consultants are in the process of doing a more comprehensive analysis of the state's liability and we expect that study to be concluded sometime this fall. When that analysis is complete, it will be shared with all members of the HCCC. I have attached a copy of the summary initially done in November for your review.

I hope this letter answers the three specific areas of concern contained in your letter. I also look forward to a full discussion of these and any other issues you wish to raise when we meet on October 4.

Very truly yours,


Nancy Wyman
State Comptroller