



MIRS Capitol Capsule

"If you don't read us, you just don't get it!" News
And Information About Michigan Government

MEA Blasts Lawmakers for "Devastating" Mistake

Michigan Education Association (MEA) President Iris **SALTERS** lashed out at lawmakers today in a prepared statement for passing changes in public school employee health care and retirement benefits that will chase away quality teachers while saving the state budget nothing.

Requiring the MEA-spin off MESSA (Michigan Education Special Services Association) to release its health claims data to school district pools of 100 employees or more will encourage organizations of young, healthy workers to work together to score better rates while leaving districts with older, less healthy employees to pay more, Salters said.

In essence, SB 0418 will create "cherry-picked" health insurance pools.

"This bill, which never had any proof of cost savings attached to it, will end up costing many school districts more money," Salters said. "Pools that are already offering high-quality, low-cost health insurance will end up with higher rates when low-ball insurers swoop in to poach low-cost, healthy groups."

But Midland-based free-market think tank, the Mackinac Center, lauded the changes as allowing school districts, and the School Aid Fund, to save hundreds of millions of dollars.

Mackinac Center analyst Ryan **OLSON** said the reforms would encourage competition among the health insurance industry. Like elsewhere in business, more competition invites lower costs and better quality. He pointed to the Pickney School District that moved

away from MESSA-administered health care and saved \$164 per pupil per year.

These are "real savings that can be directed to the classroom," he said.

When Salters' quote was read to him, Olson scoffed.

"There is absolutely no proof it will cost districts money," he said. "That makes no sense. That's not how the insurance industry works. They don't pick specific employees to insure."

Under the lesser covered reform, public school employees starting after July 1 would be forced to pay 2 percent more for their pension benefit. Also, retiree health care coverage would be based on a graded premium, where an employee of 10 years of service would only have 30 percent of their premium covered. That percentage rises by 4 percentage points every year of service with a cap at 90 percent. The remaining 10 percent would be out-of-pocket.

New restrictions also were put on how school employees can buy years of service.

"Taking more out of employees' pockets for fewer benefits will not provide us with a generation of educators committed to preparing our students for 21st Century jobs," Salters said. "Higher salaries in other careers will pull the cream of the crop away from the education profession, hurting our students and our economy."

Olson said teacher retirement benefits are out of step with the private sector and actually need to be changed to a 401(k)-style defined contribution system before the entire pension system collapses.