

News Release

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Foundation Statement on OPEB Commission Recommendations

Over the last eight months, the state's OPEB Commission has done an enormous amount of good work in addressing the unaffordable costs of retiree health care facing the state and municipalities. The Commission's recommendations to change the eligibility standards for most employees from age 55 with 10 years of service to age 60 with 20 years of service and to pro-rate benefits based on years of service mark an important first step in controlling retiree health care costs for the state and municipalities, while still preserving exceedingly generous benefits for public employees and retirees.

Despite these positive steps, scores of communities will still face unaffordable obligations for retiree health care, and the Commission's recommendation to prohibit municipalities from ever adjusting their share of premium contributions once an employee has retired is a major step backward.

Since current law allows municipalities to change contribution rates for current retirees, freezing the contribution rate upon an employee's date of retirement erodes the only authority municipalities have to prevent retiree health care costs from busting their budgets. It is unwise and unfair to place municipalities in a position where their only recourse for addressing this problem in future years will be to turn to the Legislature.

The Commission's other recommendations already include important compromises that provide fair and reasonable protections for current and future retirees:

- A three-year moratorium on reducing municipal contribution rates.
- A minimum 50 percent contribution by municipalities for all retirees and surviving spouses.
- Eligibility for full benefits at age 57 for members of the teachers' Retirement Plus program, including those at the beginning of their careers.
- Exemption from recommendations for current retirees, employees within five years of retirement age with 20 years of service, and employees within five years of Medicare eligibility age with nine years of service.