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Budget Proposal to Increase Health Premium Costs for Some Retirees Draws NTEU Criticism

Washington, D.C.—The leader of the National Treasury Employees Union (NTEU) today severely criticized a proposal to reduce the government’s share of health insurance premiums for federal retirees with less than 10 years of service.

The proposal is contained in the White House’s fiscal year 2008 budget proposal that was sent to Congress today.

“In a time of escalating health care costs it is unconscionable for the administration to propose reducing the government’s share of health insurance premiums for any group of eligible federal employees or retirees,” said NTEU President Colleen M. Kelley. “In recent years, it has not been unusual for federal retirees to face a higher increase for their health insurance premiums than the cost-of-living increase they are receiving in their annuity.”

Rather than slashing the government’s contribution, Kelley added, the Office of Personnel Management (OPM) should be finding ways to use the power of the largest health plan in the country to make health insurance more affordable for the more than eight million federal employees, retirees and families covered by the Federal Employees Health Benefits Plan (FEHBP).

The claim in the president’s budget documents is that the FEHBP proposal—which is not detailed and would require congressional approval—would help fuel savings in the health program. Generally, the government pays roughly 72 percent of FEHBP premium costs and employees and retirees pay the remainder.

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NTEU Criticizes FEHBP Budget Proposal—Add One

“NTEU strongly objects to slashing the government contribution and forcing federal retirees to increase the amount of money they pay for health premiums,” Kelley said. “This will make it more difficult for the federal government to attract mid-career employees.”

Rather than increase costs to employees and retirees, NTEU previously has supported legislation that would raise the amount the government contributes to FEHBP premiums from the current average of 72 percent to 80 percent. This would make the government’s share similar to that paid by many private sector corporations and state and local governments.

“If the White House actually sends a legislative proposal to congress on this issue, NTEU will fight it,” Kelley said.

NTEU is the largest independent federal union, representing some 150,000 employees in 30 agencies and departments.

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