

# The University Senate of Michigan Technological University

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## **PROPOSAL 15-00**

(Voting Units: Full Senate)

### **HEALTH CARE PREMIUM CAP FOR MEDICARE-ELIGIBLE RETIREES**

1. The Senate requests that Michigan Tech agree that it will not increase the premium paid by medicare-eligible retirees for health and medical insurance benefits by more than the yearly percentage increase in Social Security payments.
  2. The University also shall provide notice of any proposed increases, in writing, to all medicare-eligible retirees at least 90 days in advance.
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#### **Proposal Background**

Michigan Tech has recently increased substantially the premium that retirees pay for medical and health insurance benefits, after several years in which the premium did not increase at all. The size of the increases, which are designed to "catch-up" after the years of no increases, have posed a hardship for a number of employees, particularly those who retired before 1992 or after 1994; the former especially pay 100% of the cost set by MTU and are in some cases now paying increases as large as 69% per couple. We all face substantial monthly increases in the copays based on this figure, depending on when we retire; the "ramp" of copays introduced in 1994 will have reached 100% for those retiring in 2006. Regardless of the validity of these increases, retirees living on a fixed income simply cannot cope with such large jumps in premiums.

The intent of this proposal is to provide retirees with some assurance about the expenses they will face on a monthly basis. The Senate proposes that the administration establish a ceiling for premium increases that will allow for reasonable rate increases, but which will not fall too heavily on fixed-income retirees. The regular increases in Social Security payments offer one means of establishing a maximum rate of increase. These increases reflect the consumer price index. Thus our request that the ceiling for increases in retiree medical premium rates not exceed the Social Security cost-of-living increases.

**Draft of 6 April 2000**