



STATE OF CONNECTICUT
GOVERNOR DANIEL P. MALLOY

**GOV. MALLOY AND COMPTROLLER LEMBO ANNOUNCE \$1.68 BILLION
REDUCTION IN RETIREE HEALTH CARE LIABILITIES**

(HARTFORD, CT) – Governor Daniel P. Malloy and State Comptroller Kevin Lembo announced another significant reduction in the state’s future unfunded state employee and retiree health care liabilities – by approximately \$1.68 billion – according to [an actuarial report released today](#).

The updated report on OPEB (other post-employment benefits) shows a reduction in the state’s projected unfunded actuarial accrued liability (UAAL) from \$17.9 billion to \$16.2 billion. This reduction builds on [last year’s dramatic reduction of \\$13.3 billion](#) following several health care cost control initiatives implemented across state government.

“Since taking office, we have tried to rethink our approach to managing the state’s finance, so that government is not in the position of choosing between providing services and meeting our obligation to public employees,” Governor Malloy said. “A drop like this in our expected obligations means that we are taking steps to address our issues now and not putting them off for a later date.”

Comptroller Lembo said, “This significant reduction in the state’s future costs is the result of cooperation and collaboration across state agencies, management and labor. My office will continue to negotiate the best terms possible on behalf of employees, retirees and the state – and will consistently work with the Health Care Cost Containment Committee (HCCCC) to identify and implement new and innovative ways to coordinate our health care more effectively.”

The latest reduction in the state’s future cost liabilities primarily reflects a reduction in health care cost trend rates, as well as changes to the state’s new prescription drug contract terms. The state’s new prescription drug contract will reduce drug costs in the 2013-2014 fiscal year by 11 percent, according to state actuaries.

“These savings show what can be achieved by constructive collective bargaining and thoughtful joint projects like our Health Care Cost Containment Committee,” said Attorney Daniel E. Livingston, chief negotiator for the State Employee Bargaining Agent Coalition (SEBAC).

This reduction, based on medical trends and contract changes, follows several other significant changes to state employee health care that have reduced future costs. Those changes over the past few years have included changes in benefit design, eligibility requirements and contribution requirements for employees and retirees.

The state also introduced the Health Enhancement Program (HEP), which helps employees to better manage chronic conditions, and the conversion of the Medicare-age prescription drug program to an Employer Group Waiver Program introduced by the HCCCC and the Office of the State Comptroller.

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Contacts:

David Bednarz
Office of the Governor
David.Bednarz@ct.gov
860-524-7315 (office)
860-770-9792 (cell)

Tara Downes
Office of the State Comptroller
Tara.Downes@po.state.ct.us
860-702-3308 (office)

www.ct.gov/governor

