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## **Council 94 Settlement with Carcieri Administration Still Leaves State Employees with Competitive Health Package**

Wakefield, RI...The agreement last week between the Carcieri Administration and Council 94 will still leave state employees with a competitive health care package, according to a newly released report by benefits consulting firm Bluff Head Enterprises of Wakefield, RI. Based on the agreement reached last week, the Bluff Head report shows a narrowing gap between state employee health benefits and private sector benefits.

“Our latest survey includes seven government employers covering over 17,000 employees and allowed us to credibly compare public and private sector costs and benefits,” said Sam Slade, founder and President of Bluff Head Enterprises, Inc. “The results of this comparison help explain the state’s aggressive campaign to negotiate benefit changes. The disparity (between public and private sector benefits) has been glaring and the agreement last week goes a long way towards narrowing that gap.”

Slade’s comments came as Bluff Head Enterprises released the findings of its 7<sup>th</sup> annual survey on employer sponsored health benefits in RI. Based on 73 responding employers who collectively cover 325,000 employees, of which over 95,000 are located in the Rhode Island area, this year’s survey drew the largest response ever. As in prior years, the 2008 survey includes data on medical and dental benefits as well as life and disability benefits. New this year is a section which examines wellness initiatives.

Among other findings, this year’s survey shows that Rhode Island employers continue to incur higher costs and charge employees less for health insurance than national and regional averages. The higher costs, according to Slade, are fueled in part by the lack of meaningful competition in the local health care market. Historically, Blue Cross/Blue Shield and United Healthcare have been the two primary players in the Rhode Island market. The recent re-entry of Tufts Health Plans is a positive change in the competitive landscape but has yet to impact survey findings.

When asked about the disparity in gross costs (public sector employers pay about 35% more on average than private sector employers) Slade indicated that much of the difference stems from the lower contributions required from employees. “In the private sector, employers charged an average of \$195 per month for family coverage which is

almost double the \$107 average monthly contribution required of public sector employees who elect family coverage,” said Slade. This means that more public sector employees will elect family coverage which further forces up average costs, according to Slade. “In fact, 69% of public employees elected dependent coverage while only 47% of private sector employees did,” said Slade.

Slade also pointed to survey data which showed that 19% of eligible private sector employees waive all coverage while only 8% of eligible public sector employees waive benefits. “The contributions required from employees have a huge impact on overall costs. With lower contributions required from employees, the state and towns become a no-brainer choice for the family with two plans to pick from. If a person works for the State of Rhode Island and their spouse works in the private sector, it is extremely likely that all family members will end up on the State’s plans because the employee contribution is so much lower.”

At a time when state and local governments are facing their greatest budget challenges in years and medical plan costs continue to rise at a rate roughly double the pace of overall inflation, Slade said the agreement reached between the state and Council 94 was a good deal for the taxpayers of Rhode Island and a smart move for Council 94.

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