



**SEIU Local 503 Testimony
PEBB Budget
April 2, 2015**

Co-Chair Bates, Co-Chair Nathanson, members of the committee, for the record my name is Melissa Unger and I am the Political Director of SEIU Local 503. We represent over 20,000 state employees and 4000 university classified staff that are members of PEBB.

Our members are very proud of the work that they have done in conjunction with management to bring down the costs of health care through more plan choice, the health engagement model, and ongoing changes to their plans. While the process has not always been easy, we feel like the work we have done together has improved health outcomes and saved money for the state and the services that our members think are so important.

I wanted to comment on two specific things relating to the budget. First, in the last budget cycle we had a lot of concerns about the 3.4% cap for increases because we were worried that increases above 3.4% would come from the workers' pockets. We got assurances after the budget passed that the goal was really to make sure we held providers to a cap in their growth. We support this cap in growth for providers, but we do not think that if rate increases are higher than 3.4% that the difference should have to be made up by the worker, especially since they have no control of the rate increases that providers charge.

In addition, we know that \$120 million will come from PEBB reserves to help pay for compensation changes. This money has been saved because of the work members have done to control health care costs with management. We do have some concerns about paying for ongoing costs with one-time resources, but we understand the budget situation we are in and we do believe that the PEBB reserves are healthy because of the changes that have been implemented and workers' engagement in their health. We do believe that since universities are a part of PEBB that some of the reserves should flow back to PEBB workers at universities. Finally, we don't believe that money that was saved by workers' health care should go to fund the general fund of the budget. Thank you for your time.

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