

Posted on Thu, Nov. 13, 2003

## MIAMI

### **Health premiums rising for stunned city of Miami retirees**

**The city of Miami is cutting its healthcare contributions for 1,200 city retirees to save \$3 million a year, and a protest is set for today at City Hall.**

By CAROLYN SALAZAR  
[csalazar@herald.com](mailto:csalazar@herald.com)

Robert Spinola spent 25 years working as a mechanic for the city of Miami -- believing he was securing a pension check and health insurance for the rest of his life.

But now, as his wife lies dying in a hospital bed, as his nest egg is nearly depleted, the 82-year-old man has learned that the security he has always counted on is in danger of being taken away.

Seeking to cut costs, the city is slashing its healthcare contributions for 1,200 retirees on its healthcare plan. For Spinola, that means the cost of health insurance will jump from \$420 a month to \$1,088 for him and his wife.

"You don't know how bad this will be for me," he said. "I'm old and poor. I can't afford to pay that kind of money. It's just not right what they are doing."

The change is expected to save the city \$3 million a year.

The rising cost, another byproduct of the nation's soaring healthcare costs, has outraged Miami retirees, who say they feel betrayed after decades of serving the city. The retirees, as well as city union members, will make their grievances known to the city in a protest today in front of City Hall.

City Manager Joe Arriola has already sent out letters to retirees, advising them of the change, but union members hope that city commissioners, at today's meeting, will take a stand on the issue.

#### **NEGATIVE REACTION**

"We gave our lives to the city, and now they are doing this to us?" said Ronald Hardegree, 81, who was a Miami firefighter for 28 years. "I couldn't afford to pay my healthcare. I might even have to go back to work."

Hardegree's cost will rise to about \$1,000 a month for him and his wife.

Retirees currently pay 30 percent of their health insurance premiums, and the city subsidizes the rest. But that is expected to end Jan. 1, when retirees are scheduled to start picking up the entire tab.

The city says the premiums will be so high because union contracts mandate rich benefits. The unions say the city could offer a cheaper plan.

Arriola says Miami is simply following a nationwide trend that is forcing cities, states and private-sector

employers to cut back on generous health benefits or risk spiraling into deep financial problems.

"We cannot afford to keep paying for their healthcare," Arriola said. ``The city of Coral Gables doesn't do it, the city of Fort Lauderdale doesn't do it, the state of Florida doesn't do it. Why should the city of Miami pay? These retirees cannot be on my payroll for the rest of their lives."

This is the latest battle in the ongoing dispute over the country's healthcare crises. Healthcare experts say that cutting back on healthcare benefits for retirees appears to be a growing national trend, especially in Florida, which has one of the country's highest healthcare costs.

Jack Hoadley, a research professor at Georgetown University's Health Policy Institute, said that while there is a trend to shift healthcare costs to retirees, it is rare for cities or states to pass the entire premium on.

"There is some movement in that direction, but there is not a strong trend to require retirees to pay 100 percent of their premiums," he said.

While Florida requires retirees to pay the full premium, retirees pay about \$291 a month for individual coverage if they are not eligible for Medicare, and \$155 a month if they are on Medicare.

## **OTHER GOVERNMENTS**

In Miami Beach, which pays 50 percent of its retirees' insurance premiums, the city's 800 retirees pay an average of \$429 a month. Coral Gables does not pay for retirees' healthcare, but if they opt to keep the city's insurance, they pay \$391 to \$785 a month, depending on their type of coverage.

Miami-Dade County also requires retirees to pay their entire premium, but costs range from an average of \$388 to about \$476 a month for a retiree and spouse.

Miami retirees, under the new system, will pay between \$318 and \$403 a month. Healthcare for couples will jump to more than \$1,000 for family coverage.

Ramona Fiumara, assistant director of Miami's Risk Management Department, said the premiums are so high because the city offers "extra rich" benefits -- and the city cannot change to a lower-cost plan because of contract agreements with its unions. She said the city will explore more-affordable plans next year.

The city's insurance plan, offered by Cigna, does not have an annual deductible for the family and rarely charges a co-payment.

"Our hands are tied on what we can do, or cannot do -- we are tied to this rich, unreasonable insurance plan because of the unions," Miami spokeswoman Janet Lopez said.

Union leaders say the city can offer an alternate plan for retirees -- although city officials dispute that.

"This increase represents a tripling of health insurance premiums for retirees, many of which will not be able to pay for the premium with their pension check," said Edward Pidermann, president of the Miami Association of Fire Fighters. ``They will have to decide to either go uninsured, or even sell their homes in order to simply have health insurance coverage."

