



C.L. "BUTCH" OTTER
GOVERNOR

October 21, 2009

The Honorable Kate Kelly
Idaho State Senate
State Capitol
P.O. Box 83720
Boise, ID 83720-0081

The Honorable John Rusche
Idaho House of Representatives
State Capitol
P.O. Box 83720
Boise, ID 83720-0081

Dear Senator Kelly and Representative Rusche,

Thank you for your letter of October 19, 2009, requesting a delay in implementation of changes to Idaho's State healthcare premium contribution for part-time State employees, scheduled to take effect November 1, 2009. I appreciate the opportunity to respond.

I understand and share your concerns about our fine State employees. Like you, I take the task of retaining and responsibly rewarding State employees for their good work very seriously. They are a great resource and contribute enormously not only to our State government's efficiency and effectiveness, but to our communities and all of Idaho.

Also like you, I have a responsibility to represent not only State employees, but all Idahoans – including the taxpayers whose hard-earned dollars finance State government operations in their service. The changes I have approved in premium contribution requirements for part-time State employees reflect the responsible and fiscally prudent course of action in order to help maintain State government operations within the people's means.

It is important to note that healthcare premium contributions for part-time employees in many other units of government – including the City of Boise, the Boise School District and the University of Idaho – already are calculated on a pro-rata basis. What's more, the vast majority of businesses with which the State competes for talented part-time workers offer those employees no healthcare benefits.

To your disappointment with the timing and level of public involvement in this decision, you will recall that the plan was vetted by a committee comprised of representatives from many State agencies, who met seven times between June and December 2008. Members of both the Idaho House of Representatives and the Idaho State Senate were invited to participate. The decision was announced during the Department of Administration's annual open enrollment period, when all changes to benefits are announced – including premium increases.

The question before me was whether a State employee who works 20 hours a week for five months in a year should receive the same premium contribution from the State as a full-time employee who works all year? A full-time employee – 90 percent of our work force – probably would agree that the pro-rata structure is more fair and equitable. Part-time employees whose contributions are subsidized by their full-time colleagues may understandably disagree.

The Honorable Kate Kelly
The Honorable John Rusche
October 20, 2009
Page 2

As you noted, your assessment of the savings to Idaho taxpayers does not include part-time employees at Idaho State University and Boise State University. That is a very significant omission – and one that results in a misleading comparison – since nearly half of our 2,003 part-time State employees as of October 20, 2009, were working in higher education.

With those employees included, the Division of Financial Management projects that the total savings from the upcoming changes actually will be more than \$5.1 million, and the General Fund share of those savings will be more than \$2 million, or about 40 percent. That is a substantial amount of money that could otherwise be applied to public schools and higher education. Such savings are significant at a time when every dollar counts to the people we serve. They must not be overlooked.

Nothing in the decision to proceed with these changes should be viewed as exhaustive in terms of our efforts to address healthcare costs for Idahoans. You are quite correct that the State's bargaining position as a major purchaser of healthcare services can be used to greater advantage in that effort, and that is an important part of the broader discussion. However, such steps would not eliminate the need for these changes in premium contribution requirements for part-time State employees. In fact, fiscal responsibility compels them.

I am committed to working toward making healthcare more accessible and affordable for all Idahoans. We are working with insurers, providers and other stakeholders every day to advance that effort. However, using taxpayer dollars to subsidize the healthcare premiums of part-time State employees comes at the expense of many who have no healthcare at all, and no opportunity to obtain it. That is one reason why the pro-rata option was adopted over the alternative of raising to 30 the minimum number of hours per week a part-time employee would be required to work to be eligible for coverage. That would have entirely denied access to insurance for approximately 655 part-time State employees.

It was my privilege to propose and champion substantial improvements in salary and benefits for our valued State employees before our current economic downturn. Attracting and retaining the best work force possible remains my goal even as we face many difficult budget decisions during the 2010 session of the Idaho Legislature. I look forward to continuing our work together toward addressing that and other issues critical to the well-being of State employees, as well as all the nearly 1.5 million people that we serve and with whose tax dollars we are entrusted.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

CLO/mw

C.L. "Butch" Otter
Governor of Idaho