



## Commentary: Another Small Step Toward Benefits in Balance

By [James M. Hohman](#) | Oct. 12, 2011



Legislation now awaits Gov. Snyder's signature that will end taxpayer-paid [health care benefits for retired legislators](#). This is another small step toward bringing the benefits of government workers [in line with the private-sector](#).

Retiree health care is expensive, especially for retirees not yet eligible for Medicare. The state pays up to [\\$14,000 per retiree](#) to provide this benefit. This money comes directly from taxpayers.

It's also a benefit that few people in the private-sector enjoy. A [2010 Mackinac Center study](#) explored the benefits offered to employees at 24 major Michigan businesses and found only three offered any employer-subsidized retiree health coverage to new hires. These benefits are prevalent among employees in Michigan's government sectors, though.

Still, some governments are reconsidering this benefit. Michigan State University stopped offering this benefit in 2010. Bloomfield Township [recently voted](#) to cap its costs to provide it. Indeed, [a report from the Citizens Research Council](#) found that 39 county governments do not offer this benefit and that nine counties had stopped offering this benefit in the past five years.

The state still mandates these benefits for employees in the state retirement system and in the school retirement system. This cost \$1.1 billion in 2010, a substantial increase from \$596 million in 2000.

It's one of the reasons that retirement benefits cost [three to five times more](#) than private-sector averages.

By eliminating these benefits to new legislators at the state-level, legislators showed a willingness to bring benefits in balance. It should apply the same thinking to the other retirement systems under its control.