

PEEHIP Funding Request Cut in Preliminary ETF Budget

Last legislative session, PEEHIP received a significant increase in funding for FY15 from \$714 per active employee per month to \$780 per active employee per month. Despite this significant increase, PEEHIP still faces likely shortfalls for FY16. The Senate Education Trust Fund (ETF) Budget passed the Senate in mid-April and holds PEEHIP at 2015 funding levels. PEEHIP requested \$800 per active employee per month, but the Senate proposed level funding of \$780, which would create an estimated additional shortfall of \$23 million.

The \$800 funding request did not fully fund PEEHIP for 2016. With funding at that level, PEEHIP's initial estimate was a shortfall of \$119.3 million, which would be reduced by the new

Wellness Program. If the final ETF budget remains level and does not provide additional funding for PEEHIP, the remaining overall shortfall is currently estimated to be \$86 million, but that amount is subject to change as PEEHIP receives the May updated numbers.

PEEHIP staff will monitor the progress of the ETF budget over the next few weeks. If the funding level for PEEHIP remains at the current level, the \$86 million must be made up from either cost-saving measures, benefit reductions, increased out-of-pocket costs, payments from the Alabama Retired Education Employees' Health Care Trust, or a combination thereof. ●