



DATE: February 6, 2025

TO: Senator Margaret Rotundo
Senator Michael Tipping
Representative Drew Gattine
Representative Amy Roeder
Members, Committees on Appropriations and Fiscal Affairs and Labor

FROM: William H. Laubenstein, III
President, Maine Association of Retirees

SUBJECT: LD 210, An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026, and June 30, 2027

Senators Rotondo and Tipping and Representatives Gattine and Roeder, and Members of the Committee on Appropriations and Fiscal Affairs and the Committee on Labor. My name is William H. Laubenstein, III. I am President of the Maine Association of Retirees (MAR) whose membership includes retired State employees, educators, municipalities and other public service retirees.

I am writing to express MAR's opposition to those parts and sections of LD 210 that propose to flat fund Retired State Employee Health Insurance in FY 2026 and FY 2027. If enacted, the result will be a significant financial burden for retired state employees. This additional financial burden will be especially challenging because of the substantial reduction in the COLA for retired state employees and retired teachers that occurred in FY 2011.

Furthermore, flat funding will in all likelihood result in either changes to the health insurance plans or increase in premiums, copays and deductibles. Over the past several fiscal years, retired state employees have been required to assume greater responsibility for the cost of their health insurance, up to \$350 annually. These increases have occurred over seven fiscal years in \$50 annual increments. With flat funding, MAR anticipates that retired state employee financial responsibility for health insurance will increase in FY 2026 and FY 2027, reducing the state share to approximately 77%.

For many retirees, State financial responsibility for retiree health insurance has changed from 100% to approximately 82% as of Jan. 1, 2025. This represents an ominous downward trend in state financial responsibility for Retired State Employee Health Insurance. For active state employees, the State pays between 85% and 95% of the premium for health insurance and 60% of the premium for dependents. Retired state employees pay 100% of the cost for dependents. For the reasons stated, MAR encourages you to reject the Administration's proposed flat funding of Retired State Employee Health Insurance.

Leading the Way for Maine Retirees

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