

Rob Peale Testimony On LD 328: An Act Requiring the State To Pay a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage and/or LD 467: An Act to Require the State to Pay Medicare Part B Premiums for Certain Retired State Employees presented by Representative Shagoury.

Senator Tipping, Representative Roeder and members of the Labor Committee:

My name is Rob Peale and I am a Readfield resident. I am also a retired State of Maine employee. **I am asking for your support to pass and fund LD 328 and LD 467 for the state to pay the cost of teacher and state retiree Medicare premiums.**

Although paying our Medicare premiums would not come close to paying back retired state employees and teachers for the financial sacrifices imposed on them by the pension cuts passed by the republican governor and republican majority legislature 2011, it will at least be a small step in the right direction.

The 2011 pension cuts included (1) imposition of a low base to which cost-of-living adjustments (COLA) apply, (2) lowering the COLA cap to a level below the likely long term average inflation rate, and (3) a 3-year COLA freeze.

These changes took away benefits we were promised when we were hired. These promises were often repeated to encourage us to stay in our jobs during years when wage and other benefit increases were paltry. Until 2011 Maine law specified that these pension benefits were contractual between the state, and its employees and teachers. This all changed in 2011.

Since I retired in 2017 after 30 years of service to the state helping to protect and improve Maine's environment, the value of my pension benefits has continued to decrease because (1) a very large portion of my pension is not or will not be covered by cost of living adjustments (the COLA) due to the cap on the covered pension benefits base, (2) the COLA itself is capped at rate below the likely long term average inflation rate, and (3) inflation rates that in some recent years have exceeded the COLA cap (and are likely to exceed it in at least some future years). There is also no "catch-up" provision to allow us to recover some of this money in years when inflation is less than the COLA cap.

Our pension COLAs contrast starkly with the social security COLAs that private sector workers get. Social security benefits receive annual COLAs on their entire pension payments based on actual inflation rates.

In addition to the broken promise regarding our pensions (not even close to being the shared sacrifice described by legislators back in 2011), the change to a medicare advantage plan for retirees broke the state's promise to pay the retirement health care costs for long term employees. Under the present medicare advantage system we will now be paying these premiums throughout our retirement with our reduced pension benefits.

On behalf of myself and my fellow retirees I ask you to please pass and fund this bill, and be open to other changes to help retirees recover our promised pension and medical benefits.

Thank-you

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