



STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES  
BURTON M. CROSS BUILDING, 3<sup>RD</sup> FLOOR  
78 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0078

SERVING THE PUBLIC AND DELIVERING ESSENTIAL SERVICES TO STATE GOVERNMENT

JANET T. MILLS  
GOVERNOR

KIRSTEN LC FIGUEROA  
COMMISSIONER

*Testimony of Anya Trundy, Deputy Commissioner  
Department of Administrative and Financial Services  
Testifying in Opposition to*

**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**

*Sponsored by Rep. Daniel Shagoury  
Before the Joint Standing Committee on Labor*

Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor, I am Anya Trundy, a Deputy Commissioner for the Department of Administrative and Financial Services and I am providing the below written testimony against LD 328.

DAFS fully recognizes that health insurance coverage is a major expense in most people's personal budgets, its continually rising cost places increasing strain on lower and fixed incomes, and it is often a key deciding factor in where people work and when they retire. Furthermore, decisions related to Medicare can feel daunting; many people approach retirement not knowing much about Medicare because until then it didn't concern them, and they have to make enrollment decisions in a short amount of time that carry penalties for making them late. It is at this point that a lot of people are unpleasantly surprised to learn that regardless of whether you worked in the private or public sectors, there is a monthly premium for Medicare Part B coverage. In 2025, that amount is \$185 per person for individual tax filers with incomes less than \$106,000 and joint filers less than \$212,000.

Before I go any further, I want to take time to explain the retirement benefits that retired State Employees receive in comparison to their private sector counterparts.

If you work in the private sector, you have Social Security and Medicare taxes withheld from your paycheck during your working years and when you reach retirement age, you qualify for monthly Social Security benefit payments and health insurance coverage under Medicare.

If you are a State of Maine employee for all or part of your career, you will have contributions to MainePERS withheld instead of Social Security tax during your employment with the State. But the State of Maine does participate in Medicare, and you will have Medicare taxes withheld no different than in the private sector. In your retirement, you will receive State pension

disbursements instead of or in addition to Social Security, but you will be fully eligible to enroll in Medicare for your health insurance coverage.

This bill is not responding to an inequity created by virtue of whether you worked in the private or public sector. There is no inequity; everyone pays a monthly premium for Medicare Part B coverage.

If you are a retired private sector employee, you can choose one of two ways to access your Medicare coverage: 1) through “Original” Medicare which consists of a Part A (hospital insurance) and Part B (medical insurance) and to which you can also add Part D (prescription drug coverage), or 2) through a Medicare Advantage Plan which is a Medicare-approved plan from a private insurer that bundles Part A, Part B and usually Part D, and may include additional benefits like vision, hearing, and dental coverage. With Original Medicare, there is generally no cost for Part A (provided you paid Medicare taxes for at least 10 years), there is however a \$185 monthly premium for Part B which is deducted from your monthly Social Security benefit. Under a Medicare Advantage Plan you can also expect to pay the Part B premium and potentially more for the additional coverage that is often available under a Medicare Advantage plan that Original Medicare doesn’t cover.

As a retired State employee, you access Medicare via the State’s fully-insured, employer subsidized Medicare Advantage Plan currently provided through Aetna. The State’s Medicare Advantage Plan is inclusive of Part A, Part B, and Part D coverage. Retired State employees have paid into Medicare exactly the same as their private sector counterparts and also pay the monthly premium for Medicare Part B for the State’s Medicare Advantage Plan. The State’s Medicare Advantage Plan design, in comparison with the State’s employee plan, focuses on providing low office visit and prescription drug co-pays for an age demographic that utilizes both at a much higher level than our active employee population.

In closing, the anticipated cost of the State assuming financial responsibility for retired State employees monthly Medicare Part B premiums would be substantial and a significant benefit over their private sector counterparts. Even taking into account changes to income-based eligibility criteria for the Medicare Savings Program that went into effect over the summer, increasing the number of retired State employees who qualify for Medicaid and the associated Low-Income Subsidy of Medicare premiums (6.2%), the preliminary fiscal estimate for this bill is approximately \$19 million annually. Extending the same assumptions to the slightly larger retired teacher population is estimated at \$21.4 million annually. These estimates are based on 2025 Medicare Part B premiums, which typically increase each year.

DAFS would be happy to respond to the Committee’s questions in writing or can be present at the works session if requested.