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Testimony of Representative Dan Shagoury introducing
LD 111, An Act Requiring the State to Pay a Share of a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage
Before the Labor and Housing Committee

Good afternoon, Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor and Housing. I am Representative Dan Shagoury, and I represent House District 55 - the communities of Hallowell, Manchester and West Gardiner. I come before you today to introduce **LD 111, An Act Requiring the State to Pay a Share of a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage.**

Retirees have had a rough time over the last few years, especially retired state employees and educators. Their benefits have simply not kept up with inflation and many are suffering as a result.

One area where the state could really help retired state employees and educators is health care costs. When a person becomes a state employee, they are promised that they will receive the same benefits a current employee receives, without charge, for life if they retire as an active state employee who is receiving health insurance benefits. This is very good insurance and could be a great deal for retirees.

The state falls down on this commitment when it comes to the Medicare Part B premiums, however. If a person retires before 65, the state pays everything. Then when they turn 65, assuming they qualify for Medicare, they suddenly have to pay the Part B premiums.

This seems unfair for several reasons. The first is that although the retirees' insurance costs should be lower for the system because much of the coverage is being paid for by Medicare, retirees suddenly have to pay a share of their costs in the Part B premium, which is currently \$164.90 per month. This is almost \$2,000 per year.

The second problem is that the state pays the Medicare Part B Premium for current employees who are over 65. I was very surprised when I found this out when I again became a state

employee upon being elected to the Legislature. This goes against the idea that retirees would receive the same health care benefits as active employees.

Finally, the state pays the entire health care premium for several hundred retirees who do not qualify for Medicare themselves or through their spouse. In this case, it is treating two different groups of retirees differently.

This \$2,000 would make a real difference to a lot of state retirees and retired educators, and hits those with lower retirement benefit payments the hardest. This bill will rectify the situation by requiring the state to pay the Medicare Part B premium for many of these retirees. This bill is weighted to provide those with lower retirement income with a larger payment for their Part B premium, as they need this help the most. Up to the cutoff for COLA adjustments, currently about \$24,000, 100% of the Part B premium would be paid. Above that, the percentage paid would gradually decrease, ending altogether for those with retirement benefits over \$75,000 per year.

It is also my intent that this bill only apply to those retirees who have qualified for 100% coverage of their insurance through the state retirement system.

Thank you for your consideration. I look forward to working with you on this bill, and I will be glad to answer any questions.