



DATE: February 9, 2023

TO: Senator Michael Tipping
Representative Amy Roeder
Members, Joint Standing Committee on Labor and Housing

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

SUBJECT: 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

Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor and Housing. My name is William H. Laubenstein, III. I am President of the Maine Association of Retirees (MAR) whose membership includes retired State employees, retired teachers and other public service retirees.

MAR supports 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. MAR is an organization of Maine Public Employees Retirement System (MainePERS) retirees who receive a MainePERS retirement benefit. Upon retirement, State retirees are eligible for health care insurance under a Medicare Advantage Insurance Plan administered by the Office of Employee Health and Wellness and by Maine Educational Association Benefit Trust fund for teachers. Participation in the Advantage Plans require retirees to pay the Medicare Part B Premium. For retirees receiving Social Security, the premium is taken from the monthly benefit. However, the majority of MainePERS retirees are not eligible for Social Security and must pay the Part B premium from other sources, which for many means the State pension benefit.

Bearing in mind that approximately thirty percent (30%) of MainePERS retirees fall under two hundred percent (200%) of the federal poverty level, and that the average annual MainePERS pension benefit in 2021 was only \$23,456, older Mainer's independence and financial security are already at risk without the obligation to pay the monthly Part B premium, which for 2023 is \$164.90.

LD 111 seeks to remedy the hardship imposed on Maine public service retirees by the requirement that retirees pay the Part B premium. It does so, not by requiring the State to pay the entire premium for all eligible retirees, but by basing the amount to be paid a retiree on a retiree's annual pension benefit.

Thus, for retirees whose base annual pension benefit on or after January 1 2024 is less than or equal to the maximum amount of the benefit subject to the cost-of-living adjustment (COLA), the State would pay 100% of the Part B premium. The amount the State must pay then decreases as a retiree's benefit increases, reducing at the other end of the scale to a payment of only 10% for retirees whose annual pension benefit is greater than \$64,000 and less than \$75,000. Additionally, retirees who are eligible for federally approved Medicare services, and State retirees who are eligible for payment of 100% of the Medicare Part B premium due to their eligibility through an agreement with the United States Department of Health and Human Services, Center for Medicare and Medicaid Services, the State would not pay any share of the Part B premium.

Each year, MAR holds Regional Meetings in each of the five MAR regions. At these meetings, a major topic of discussion and concern, along with concerns with current law regarding the annual Maine COLA, is the requirement to pay the Medicare Part B premium. As noted above, this payment, \$164.90 monthly or \$1,978.80 annually, imposes a significant financial burden on State public service retirees. MAR asks that as you turn your attention to LD 111, you keep in mind this often repeated concern.

Thank you for consideration of this testimony. I would be happy to answer your questions and MAR will be available for your work session.

Leading the Way for Maine Retirees

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