

## **Maine Education Association**

Grace Leavitt President | Jesse Hargrove Vice President | Beth French Treasurer  
Rebecca Cole NEA Director | Rachelle Bristol Executive Director

### **Testimony**

### **In Support**

## **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**

**John Kosinski, Government Relations Director, Maine Education Association**

**Before the Labor and Housing Committee**

**February 8, 2023**

Senator Tipping, Representative Roeder and other esteemed members of the Labor and Housing Committee,

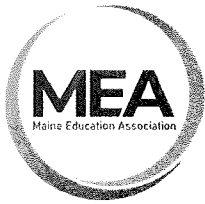
My name is John Kosinski (he/him) and I am here on behalf of the Maine Education Association (MEA) to testify in support of LD 111, An Act Requiring the State to Pay a Share of a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage. The MEA represents 24,000 educators in Maine, including teachers and other staff in nearly every public school in the state, and faculty and other professional staff in the University of Maine and Community College systems.

Throughout this session you will likely hear again and again about the multitude of ways teachers and ed techs are disadvantaged in retirement. Already you may have heard the following:

- The pension benefits of retired teachers and ed techs are not keeping pace with inflation. Last year the Legislature found a way to increase the cost-of-living adjustment (COLA) for all retired teachers, ed techs and state employees by 1%, yet inflation during this time was 5.4%. The additional 1% added by the Legislature increased the COLA to 4%, yet still left retirees 1.4% behind in terms of purchasing power.
- This past year retirees received the maximum 3% COLA, yet inflation was a whopping 9.1% and there appears little relief in sight to address this problem. Without an increase, retired teachers and ed techs and state employees will see their pension benefits erode by another 6.1% in terms of purchasing power.
- Already this year you have heard about the Social Security offsets – the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) – two intractable penalties in the nation's Social Security program that eliminate 2/3rds or more of a retired teacher's Social Security benefits that they earned. Not only do these offsets penalize retirees financially and stifle more entrants into education during a time of significant workforce shortages, but they penalize people who entered teaching later in life and/or those who had second jobs to make ends meet. For decades MEA, NEA, other labor unions and advocates for retirees have argued for change in Congress, but for a multitude of reasons no solution is in sight.

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- And of course, the series of punishing cuts to the pension system enacted in 2011 and signed by the previous Governor have a long tail impact that retirees are feeling today. Not only did the reduction of the maximum COLA from 4% to 3% exacerbate the issues retirees face today in our high inflationary economy, but capping the COLA to only the first \$20,000 of pension benefits (later adjusted for inflation) has certainly made it harder to retirees to keep up with basic expenses.
- Lastly, Maine's unique constitutional constraints often result in large price tags for even modest improvements in benefits. Maine's constitution prohibits the state from accruing additional unfunded liabilities. This means the state must pay upfront for both the immediate and long-term costs of any improvement. For example, just keeping pension benefits on par with inflation for the current year requires an additional \$551 million. Lifting the COLA cap so the COLA applies to the whole pension benefit, not just the first \$24,186.25, had a fiscal note last session of over \$900 million.

With the challenges facing retirees so daunting, one way the state can help is to provide more assistance for the healthcare they need and deserve. LD 111 is a novel approach to help retirees by providing support for their Medicare Part B payment. This bill has the potential to provide direct financial support, without triggering the constitutional requirements for an upfront payment of all costs now and into the future. We estimate there are approximately 8,800 retired educators currently paying for Medicare Part B. We show retirees currently pay \$164.90 per month for Medicare Part B, which is separate and distinct from the MEA Benefits Trust Medicare Advantage available to eligible retirees.

The bill also proposes a tiered system to provide greater support for those with the most meager benefits. We recommend this approach. Many times, teachers with the lowest benefit levels taught in districts with low pay, or they retired many years ago and were lucky enough to live longer. The tiering called for in the bill will ensure this relief is targeted to retirees with the most need.

At this time, we are looking for all avenues to provide relief for retired educators. We all need healthcare, perhaps even more so in retirement. LD 111 is not a complete fix for the disadvantages retired educators face, but I will share a constant refrain I hear from retired educators, "every little bit helps."

Thank you for your time, your attention and your service, and I will do my best to answer any questions you may have.

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