

## **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 112: An Act to Increase the State's Share of Retired Teacher health Insurance**

**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 112, An Act to Increase the State's Share of Retired Teacher Health Insurance. 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.

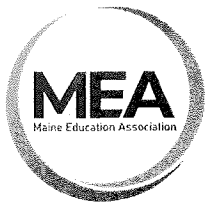
LD 112 is an attempt to get the state back on track to honor the commitment it made to retired teachers and ed techs in 2001 when the Legislature first approved a bill to provide state funding for the retired teacher health care program. At that time, a commitment was made to increase the state share by 5% until it reached 100% state funding for the program. Sadly, after the economic collapse of 2008 and due to dwindling state revenues, the state share was stuck at 45% and remained there until July of 2021, when a bipartisan coalition of legislators came together to prioritize a much-needed improvement. In 2021, the Legislature voted to increase the state share to 55%. Finally.

This bill attempts to build on this progress by continuing 5% increases for each of the next two years, lifting the amount the state pays from the current 55% to 60% beginning in July and 65% beginning in July of 2024.

We especially feel compelled to support this bill due to the problems already raised this session concerning the diminution in purchasing power of MainePERs benefits given the drastic cuts made in 2011 by the previous Governor and the negative impact inflation is having on benefits for thousands of retirees and thousands of future retirees working in our public schools. These impacts, coupled with our unique constitutional constraints, which make pension improvements very costly, bring more urgency to finding other ways to continue to support retired educators, many of whom dedicated their lives to the education of students. While improving the state's contribution levels in the retired teacher program will not compare to the financial stress caused by the degradation of pension benefits due to the impacts already noted, it will help more retirees financially. As many retirees have told me over the years, "every little bit helps."

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I must also point out, over the past few years the MEA Benefits Trust has worked hard to make the retiree health care plan better and more affordable. The recent switch to a Medicare Advantage plan and the increase of the state share to 55% has resulted in a monthly savings for retired teachers of \$80 per month and an annual savings of nearly \$1,000 per year. In 2020, the cost of the plan was \$463 per month and a retired teacher was required to pay 55% or \$254.66 per month. But the cost of the plan beginning on July 1, 2022 was \$387.76 per month and the retiree 55% portion was \$174.49 per month. I want to repeat this – the cost of the plan has decreased since 2020 and retirees are paying less for their health care in retirement. Lifting the amount the state pays to 60% will save retirees approximately \$240 more per year.

It is important to remind the Committee that not all retired teachers are eligible for Medicare. For some, the MEA Benefits Trust program may be all they have to rely on for health care in retirement. For these individuals, the state portion covers their plan costs under the active teacher plan. There are approximately 1,800 retired teachers in the state who are not Medicare eligible and for them the retired teacher health care program supplemented by the state is a critical component for accessing health care in retirement.

A goal at the MEA is to make sure career educators can retire with dignity. After a career in public service, caring for and educating students, we hope we all share an obligation to make sure our dedicated retired teachers and ed techs can enjoy their years outside of the classroom without undue financial stress. We hope you agree that individuals who spend decades educating children should be able to provide for their own basic needs in retirement. Just last week I heard a retired teacher tell a group of legislators that for the first time in her life she is “scared.” She is seeing costs rise and is struggling to make ends meet on her MainePERs pension. Healthcare is a basic need. And with your help we can help make healthcare more affordable to thousands of retired educators. We can honor the commitment of previous legislators to these dedicated public servants, and we can help give more peace of mind to hundreds if not thousands of retired educators who are starting to feel “scared.” Every little bit helps.

Thank you for your time and attention and I am happy to answer any questions you may have.

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