



DATE: March 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 591: An Act to Require the State to Pay Medicare Premiums for Certain Retired State Employees.

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 is neither for nor against LD 591, An Act to Require the State to Pay Medicare Premiums for Certain Retired State Employees. The requirement under LD 591 is for the State to pay 100% of certain retirees share of the premium for Medicare Part B. Unlike LD 111, which would require the State to pay a part of the Part B premium for State and teacher retirees, LD 591 would only apply to State retirees not eligible for Social Security benefits. MAR does not believe that Social Security benefits is a fair basis upon which to distinguish one group of retirees from another.

MAR assumes that the basis for beneficial treatment of State retirees not eligible for Social Security is that the Part B premium for retirees receiving Social Security benefits is taken from their benefit while State retirees not eligible for such benefits must pay the premium from their State pension or from some other source of income. Whether the Part B premium comes out of a Social Security benefit or out of a State pension, the adverse impact on a retiree's financial well-being, State or teacher, is the same. In 2023 that impact comes to \$164.90 a month, \$1978.80 for the year.

It is important to bear in mind, too, that the State already pays the Part B premium, plus a 10% penalty for each year an affected retiree was over age 65, for approximately 600 State retirees enrolled in the retiree Aetna Medicare Advantage Plan under an agreement with the Center for Medicare and Medicaid Services (CMMS). Absent this agreement, these retirees would have remained on the State plan for active employees. Moving these retirees from the active to the retiree Advantage Plan saves the State thousands of dollars even with the 10% penalty because Medicare coverage is primary and contributory. In addition, the State pays the Part B premium for retirees on Medicaid.

MAR thanks Senator Hickman for bring the Part B premium to the attention of the Committee, but as noted above. his proposal falls short because the Part B premium imposes a burden on all state and teacher retirees, not just those retirees ineligible for Social Security. The financial challenges facing

retirees are without number. MAR believes that addressing the issue of the Part B problem is the best approach to help public service retirees. Unlike changes to the cost-of-living adjustment, legislation requiring the State to share the burden of the Part B premium, as set forth in LD 111, does not implicate the unfunded actuarial liability and the Maine Constitution.

MAR urges the Committee to continue to explore ways to help Maine Public Service Retirees enjoy a financial secure retirement, and believes that LD 111 is the best vehicle to achieve that result.

Leading the Way for Maine Retirees

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