

**Testimony in support of LD 1522, An Act to Provide Economic Justice to Historically Disadvantaged Older Citizens by Amending the Laws Governing the Medicare Savings Program**

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Good afternoon, chairpersons Baldacci and Meyer, and all members of the Health and Human Services Committee. My name is Josie Phillips, and I am representing Maine Center for Economic Policy. I am testifying in favor of LD 1522 because it provides support for aging Mainers struggling to stay financially afloat during retirement, Mainers who disproportionately have experienced lifetimes of economic discrimination and marginalization.

LD 1522 would provide this support by increasing eligibility for the Medicare Savings Program, which offsets the costs of health care for aging people with low incomes. More specifically, LD 1522 would update the eligibility standards to be more reflective of the income actually needed to maintain stability in retirement. The bill would also remove the asset test, which currently requires retired Mainers to spend down most of their savings before receiving any assistance. In doing so, LD 1522 would better allow the Medicare Savings Program to reach the people it is intended to help while allowing recipients to maintain their financial cushions in the case of emergencies. By offsetting the costs of health care, this proposal would free up more resources for aging Mainers with low incomes to devote to meeting their other needs, needs which they might otherwise struggle to meet.

While expanding access to the Medicare Savings Program would help older Mainers with low incomes generally, this access is particularly important to Mainers who experienced economic discrimination throughout their careers, inhibiting their ability to save for retirement. Older women, for instance, have faced discrimination during their careers that likely contributes to their lack of economic security in retirement relative to men.<sup>i</sup> Furthermore, Black, Latino, and Native Mainers are paid less than White Mainers on average, even accounting for educational attainment.<sup>ii</sup> Research by the Federal Reserve Bank of Boston shows that median lifetime earnings for Black and Latino people are approximately \$800,000 less than White people.<sup>iii</sup> For Native women, relative to White men, this lifetime earnings gap is estimated to be \$986,000.<sup>iv</sup> Aging LGBT people have also experienced pervasive labor market discrimination which impacts retirement savings. Because of this economic discrimination, 40 percent of older LGBT adults — and half of older transgender adults, specifically — have incomes below 200% of the federal poverty line.<sup>v</sup> Extending assistance to these groups would help to address the damage that a lifetime of labor market discrimination can inflict on people's ability to remain financially stable in retirement.

By better targeting the benefits of the Medicare Savings Program to those who need it, particularly those who have been persistently economically disadvantaged through no fault of their own, LD 1522 would improve the financial resiliency of aging Mainers. Because of these benefits, I encourage this committee to vote yes on LD 1522.

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<sup>i</sup> Cutler Institute, “Economic Security of Older Women in Maine.” <https://mainecouncilonaging.org/wp-content/uploads/2022/02/Economic-Security-Older-Women-in-Maine-Report-FINAL.pdf>

<sup>ii</sup> Maine Center for Economic Policy, “State of Working Maine: 2020.” <https://www.mecep.org/wp-content/uploads/2020/11/State-of-Working-Maine-2020.pdf>

<sup>iii</sup> Federal Reserve Bank of Boston, “The Limited Role of Intergenerational Transfers for Understanding Racial Wealth Disparities.” <https://www.bostonfed.org/publications/current-policy-perspectives/2023/the-limited-role-of-intergenerational-transfers-for-understanding-racial-wealth-disparities.aspx>

<sup>iv</sup> National Women’s Law Center, “Native American Women Need Action That Closes the Wage Gap.” <https://nwlc.org/wp-content/uploads/2020/09/Native-Women-Equal-Pay-2021.pdf>

<sup>v</sup> Movement Advancement Project, “Understanding Issues Facing LGBT Older Adults.” <https://www.lgbtmap.org/file/understanding-issues-facing-lgbt-older-adults.pdf>