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Testimony of Representative Dan Shagoury introducing
LD 328, An Act Requiring the State to Pay a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage
Before the Joint Standing Committee on Labor

Good morning, Senator Tipping, Representative Roeder and members of the Joint Standing Committee on Labor. I am Representative Dan Shagoury, and I represent House District 55—the communities of Hallowell, Manchester and West Gardiner. I come before you today to introduce **LD 328, An Act Requiring the State to Pay a Retired State Employee's or Retired Teacher's Premium for Medicare Part B Under Medicare Advantage**.

Retirees have had a rough time over the last few years, especially retired state employees and educators. Their benefits have simply not kept up with inflation, and many are suffering as a result. I say especially for state retirees and retired teachers because, as a result of cuts to their benefits in 2011, their pension is only protected against inflation up to 3% on the first approximately \$25,000.

Fixing this problem would require both raising the dollar limit to cover the whole pension and removing the limit on the percentage of inflation that is covered. That would be incredibly expensive – in the hundreds of millions of dollars. That doesn't mean we can't do anything to help our retirees though. One area where the state could really help retired state employees and educators is health care costs.

When a person becomes a state employee, they are told that they will receive the same benefits a current employee receives, without charge, for life if they retire as an active state employee who is receiving health insurance benefits. This is very good insurance and could be a great deal for retirees.

The state falls down on this when it come to the Medicare Part B premiums, however. If a person retires before 65, as I did, the state pays everything. Then when they turn 65, assuming they qualify for Medicare, they suddenly have to pay the Part B premiums.

This is unfair for several reasons. The first is that the retirees' insurance costs to the state falls from \$1,097 per month to \$165 per month when they turn 65 because much of the coverage is being paid for by Medicare. In spite of this enormously reduced cost to the state, the retirees now have to pay the cost of the Medicare Part B premium, which is currently \$185 per month. This is \$2,220 per year.

This basic unfairness is compounded by the fact that the state pays the Medicare Part B premium for current employees who are over 65. I found this out first hand when I again became a state employee upon being elected to the Legislature. This goes against the idea that retirees would receive the same health care benefits as active employees.

Finally, the state pays the entire health care premium for several hundred retirees who do not qualify for Medicare themselves or through their spouse. This costs the state the full \$1,197 per month. So there are two different groups of retirees being treated very differently in terms of their benefits.

The state should level the playing field for all retirees who receive their pension through MainePERS. In doing so, they will help out retired employees and retired educators. The \$2,220 would make a real difference to them.

I brought a version of this bill before you two years ago, but the bill is a little different this time because things have changed a bit. What changed is that the state increased the number of people whose Part B is covered by MaineCare. This bill makes it clear that this bill only applies to those retirees who have qualified for 100% coverage of their insurance through the state retirement system and who do not qualify for having their Part B costs paid through MaineCare.

Thank you for your consideration. I look forward to working with you on this bill, and I will be glad to answer any questions.