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Testimony of Representative Nicole Grohoski
Regarding LD 399, *An Act To Clarify Retirement Benefits under the*
Maine Public Employees Retirement System

Before the Committee on Labor and Housing
5 April 2021

Hello Senator Hickman, Representative Sylvester and members of the Committee on Labor and Housing. I am Nicole Grohoski, and I represent the communities of Ellsworth and Trenton in the Maine House. I appreciate the opportunity to speak on LD 399, *An Act To Clarify Retirement Benefits under the Maine Public Employees Retirement System*.

First, I would like to thank your analyst for helping me bring this bill from concept draft to a drafted bill in early April. I had the problem statement, but wasn't sure of a solution. The new version is now titled, *An Act To Require the State to Pay Medicare Part B Premiums for State Retirees*. It would require the State to pay 100% of a retiree's share of premiums for Medicare Part B when the State requires that retiree to enroll in Medicare Part B to receive healthcare coverage benefits.

This issue was brought to me via a constituent who retired before age 65 from the Marine Patrol and had his health insurance premiums fully covered by the state at that time. When he turned 65, he was moved to a Medicare Advantage Plan, which required that he also subscribe to Medicare Part B. The state will not cover the cost of Part B, so this was an unanticipated new expense for him. The current cost of Medicare Part B is \$148.50 per month (\$1782 per year) and it increases annually.

I wasn't really sure if this was the norm or an exception because of how the statute on this matter is layered (spoiler alert: it's confusing) and because there are some retired state employees who have their full costs of Medicare covered based on what program the state was paying into during their careers. So, once I had the bill drafted, I turned to Anya Trundy of DAFS to help determine what its affect would be.

I'll spare you the details, which I believe Ms. Trundy intends to document because they were not easy to sort out, and skip to the findings. Basically, there are now 8,917 state retirees who must pay for Medicare Part B. That number is increasing, and by 2025 is estimated to be 10,362.

It's hard to say what percent of all state retirees this is because of the myriad of ways people access health insurance when they're retired. I also learned that people who retire from the private sector who have Medicare coverage pay for Medicare Part B.

Now that I know more, what seemed questionably unfair at first now seems a bit more reasonable. Covering the full costs of Medicare Advantage and Part B plans as this bill is drafted will cost the state over \$15M in FY21 and this number increases thereafter. I can understand the challenging financial position my constituent faced when he became obligated to pay insurance premiums well into his retirement, and this is no doubt a circumstance shared by others who have served our state in special capacities and retired early. However, it does not seem to be unfair treatment in the bigger picture and therefore, I do not expect it to be a priority for this committee to act upon.

Thank you all for listening attentively to my testimony regarding LD 399. I would be happy to answer any questions.