

Re: HB0670 State Prescription Drug Benefits - Retirees

Dear Delegate Robin L. Grammer, Jr.

My name is James A. Kirk. I worked for 26 years as a State of Maryland employee from 1972 until my retirement in 1998. I am now 79 and one of the retirees significantly affected by the loss of state prescription drug benefits.

Passage of HB0670 into law will be a lifesaver for me. **I request your support in this legislative session to pass HB0670 into law.** It is a well-designed and cost-effective solution to achieve the goal of grandfathering in those retirees who began their employment before July 1, 2011.

Background:

On February 7, 2024, I received a letter from the Maryland Department of Budget and Management informing me **that my current state-supported prescription drug coverage would end on December 31, 2024.** Indeed, around 45,000 State Government retirees were hired before 2011 and will lose this drug coverage at the end of 2024. **We will then have to depend on the far less satisfactory and FAR more costly Medicare D unless the Maryland State Legislature and the Governor act this session to provide us relief.**

When I was hired as a Maryland State employee in 1972, I was promised that I could continue receiving all the State health benefits when I retired. I considered this a significant benefit, and I planned for my retirement, assuming this was a non-revocable commitment by the State. Alas, Maryland changed their intent, and I will have to seek my own Medicare Part D pharmacy plan beginning in January 2025. The Medicare Part D plans are far from equivalent to the State pharmacy plan. **I will be significantly harmed by this change in my pharmacy coverage financially and potentially medically if I cannot afford the required medications.**

On a personal note, I considered the Maryland prescription drug benefits a no-hassle lifetime benefit, something I would not have to worry about in retirement. **I budgeted retirement savings assuming we had this lifetime benefit,** and now it will be taken away as our end-of-life expiration date comes closer. **We are older, and our minds are not as agile, so shopping for a prescription benefit plan using formulary lists that change from year to year is not something we ever expected to do, and this scares us to the point of shortening our lives with worry.**

I say this for several reasons:

- The list of drugs (the formulary) covered by the State pharmacy plan is much more extensive than the formulary of any Medicare Part D plan, thereby ensuring that no matter the medications I must take, the likelihood is high that the state system will cover the costs. However, with Medicare D, I will have to pay the full cost of drugs that I take that are not on my plan's formulary, and most Medicare D plans are very

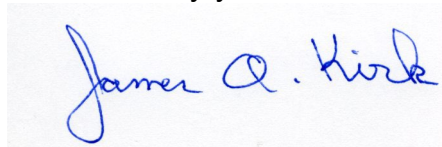
incomplete in what they cover.

- The Medicare cap on out-of-pocket costs for Medicare D does not include drugs not covered by Part D plans. The provisions of SB 946 that were created in 2019 to “ease my transition” also do not apply to drugs not on Part D plans’ formularies of the plan that I might choose. Thus, I will end up paying thousands of dollars more than I am paying now for medications that I need.
- The injunction in the *Fitch et al. vs. Maryland et al.* lawsuit that continued our benefits since 2018 was dissolved by the court in July 2023. This allows the State to proceed with its plan to remove prescription benefits despite the commitment made to employees when they were hired.
- The annual cost of the State retiree prescription benefit is only 0.2% of the State’s General Fund Budget. This is a tiny amount for the State to pay to cover its long-term and loyal employees.
- Concerns about the long-term liability of this program to the State are overstated. The retiree prescription plan represents only about 13% of the State’s long-term liability for other post-employment benefits (OPEB). Ending the benefit cannot be expected to affect the State’s financial situation or bond rating significantly.
- Since this change only affects pre-2011 hires who retired before 2019, **the pool of people who need to be carried under the current state plan will decline in the coming years.** Thus, the cost to the State will decline substantially over the next few years. At the same time, continuing these 45,000 people with the current plan reflects the intangible promises made to them as they worked tirelessly for the good of our state.

In conclusion, retirees need action to restore our prescription benefits and keep the State's promises to us when we were hired. It is morally and ethically wrong for the State to renege on these promises, and HB0670 is an elegant solution for retirees.

Thank you for considering this request.

Sincerely yours,



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