

**House Bill 356 – State Prescription Drug Benefits – Retirees**  
**House Appropriations Committee**  
**March 12, 2025**  
**Testimony of Peta N. Richkus**

**Favorable with Amendments**

As one of more than 53,000 State Retirees who lost the State's promised prescription drug benefit, I submit this testimony in **support of House Bill 356**, to restore prescription benefits for Medicare-eligible State retirees who were hired before July 1, 2011. I concur with the Amendments submitted this date by Dr. James C. Roberts in his written testimony on HB356.

If HB 356 does not proceed (which I understand it will not), I urge the Appropriations Committee to take the actions suggested in the following proposals to evaluate the implementation of SB946 (2019) in order to remedy any shortcomings and to determine what actions need to be taken to prevent further harm to those who, in total, gave **over one million years of service** to the State of Maryland and its citizens.

**Proposed Actions:**

- **ALL Medicare-eligible State employees who were hired before July 1, 2011 should be eligible to receive the HRA benefit, regardless of their retirement date.**

Approximately 7,000 Medicare-eligible State retirees who lost their state prescription drug insurance are not eligible for the HRA. The cutoff date of January 1, 2020 was arbitrarily set in 2019. The arbitrary cutoff date for the HRA leaves thousands of retirees without any of the support the General Assembly determined was appropriate accommodation to ameliorate the loss of the state benefit. The loss has resulted in significantly increased costs due to the differences in formularies, the higher premiums, and the higher drug costs they incur with their new Medicare Part D plans. This is a particular injustice since many of them worked longer for the State of Maryland than some who retired prior to January 1, 2020 and who have received the HRA benefit. The arbitrary eligibility restriction should be removed. ALL State employees who were hired before July 1, 2011 should be eligible to receive the HRA benefit, regardless of their retirement date. This is, by definition, a dwindling population. Providing the HRA for these retirees is equitable and will not have a significant long-term effect on the budget.

- **The Life Sustaining Prescription Drug Assistance Program (LSPDP) should be made less burdensome for retirees.**

The Department of Budget and Management should establish a maximum turnaround time for LSPDP requests; a standardized reimbursement request form should be made available; a direct deposit option should be made available; and DBM should establish a pre-approval option to reduce the need for post-purchase re-submission. The LSPDP should eliminate the requirement for multiple denials from Medicare Part D plans before reimbursement eligibility and should provide automatic reimbursement for any FDA-approved life-sustaining drug that 1. falls within one of the six protected classes, 2. was previously covered under the State's in-force prescription drug benefit plan prior to January 1, 2025, and 3. is not covered by the retiree's current Medicare Part D plan. Also,

if a life-sustaining medication is removed from coverage during the Plan Year (which is already happening), the State should provide an emergency override ensuring the retiree can continue to access the medication while an appeal is pending.

- **The amount of the HRA must be reviewed annually to allow for increases in the HRA amount equivalent to the average annual increase of the cost of prescription drugs in the State.**

The estimated prescription drug spending for 2024 is **10.0% to 12.0%** overall. We know that prescription drug costs – and the costs of Pharmacy Benefit Managers (PBMs) who are already under scrutiny for practices that have contributed to rising drug costs and the closure of independent pharmacies – will continue to rise.

- **A Legislative Summer Study should be conducted on the transition of Medicare-eligible retirees to Medicare Part D to determine how effective SB946 has been at achieving the State’s stated goals, and if any legislative remedies may be required.**

In conjunction with a Special Legislative study, the multi-million dollar, multi-year contract with Via Benefits aka Extend Health, LLC, a WTW (Willis Towers Watson Company) (approved by the Board of Public Works in December 2023 and executed August 7, 2024) should be reviewed by the Office of Legislative Audits for Fiscal Compliance as to its fiscal operations, information systems, cyber security, and compliance with the terms of its contract. OLA should also conduct a Performance Audit to evaluate whether the vendor is operating in an economic, efficient, and effective manner so as to achieve the desired program results.

The oldest of the State’s retirees deserve no less.

Respectfully Submitted by

Peta N. Richkus

Secretary, MD Dept. of General Services (January 4, 1999 to January 15, 2003)

Commissioner, Port of Baltimore (July 2008 – December 2014)

Member, Intergovernmental Policy Advisory Committee on Trade, US Trade Representative’s Office  
(March 2010 –March 2014)

107A Versailles Circle  
Towson, MD 21204  
410-746-9246