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HB 356 State Prescription Drug Benefits – Retirees
House Appropriations Committee
FAVORABLE
March 12, 2025

Good afternoon, Chair Barnes and members of the House Appropriations Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP Maryland. AARP Maryland represents two million Marylanders age 50 and over, advocating for their financial security, healthcare access, and retirement stability. Today, I submit testimony in strong support of HB 356, which seeks to restore the prescription drug benefit for State of Maryland retirees who began state service before July 1, 2011.

We extend our gratitude to Delegate Grammer for championing this critical legislation on behalf of retired Maryland state employees. HB 356 ensures that these retirees can continue to access the prescription drug benefits they rightfully earned through years of dedicated public service.

History of the Benefit Change

In 2011, Maryland enacted pension reform legislation that sought to transition Medicare-eligible state retirees from the state's prescription drug plan to Medicare Part D, with the change originally set to take effect in 2019. This shift significantly altered the expectations of thousands of state employees who had planned their retirements around the benefits they were promised upon hiring.

Retirees challenged the removal of these benefits, arguing that the decision broke a fundamental contract between them and the state. Their position was upheld temporarily in 2018 when U.S. District Court Judge Peter J. Messitte granted an injunction in the case of *Fitch v. State of Maryland*, allowing retirees to retain their original prescription drug coverage while litigation proceeded. However, in February 2023, the federal Fourth Circuit Court of Appeals ruled against the injunction, enabling the state to move forward with transitioning retirees to Medicare Part D.

This transition presents substantial financial and healthcare challenges for Maryland's retired state employees. Unlike the state prescription drug plan, Medicare Part D does not cover all necessary medications, leaving retirees to bear significant out-of-pocket costs for essential prescriptions. Many retirees, already living on fixed incomes, are now forced to navigate a complex reimbursement process that creates unnecessary financial hardship and uncertainty.



The Need for HB 356

Maryland state retirees devoted their careers to public service with the understanding that their health benefits, including prescription drug coverage, would be safeguarded in retirement. The removal of this benefit disrupts their financial and medical stability, disproportionately impacting older individuals who rely on life-saving medications to manage chronic conditions.

AARP firmly believes that states should uphold their commitments to retired state employees by ensuring they have access to adequate health insurance, particularly prescription drug coverage. Prescription medications are not a luxury—they are an essential component of healthcare for aging populations. The state should honor the promises made to these workers by restoring the prescription drug benefits that were originally part of their retirement package.

Additionally, AARP policy supports the provision of supplemental benefits for Medicare-eligible retirees to bridge gaps in coverage. HB 356 aligns with this principle by reaffirming Maryland's obligation to provide its retired workforce with comprehensive and affordable prescription drug coverage.

Conclusion

We urge the committee to issue a **favorable report** on HB 356 and protect the financial security and well-being of Maryland's retired state employees. These dedicated public servants upheld their commitments to the state, and now it is time for Maryland to uphold its commitment to them. Thank you for your time and consideration. If you have any questions, please do not hesitate to contact me at tbresnahan@aarp.org or 410-302-8451.