

AFT_FAV_SB884

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**Written Testimony Submitted for the Record to the Maryland State Senate
Before the Senate Budget and Taxation Committee
Testimony of Linda Day, President, Maryland Classified Employees Association
AFT Local 1935
February 20, 2020
SB 884 – State Prescription Drug Benefits – Retiree Benefits - Revisions**

SUPPORT

As a retired employee of the state of Maryland, who for nearly 30 years worked for the Department of Social Services I offer my full throated support for SB 884. I am not only a concerned state retiree, I am also the president of the Maryland Classified Employees Association, a union whose membership includes roughly 2,000 retired state workers. On behalf of our members both currently employed by the state, and members who have retired from service for the state MCEA asks for a favorable report to SB 884, the bill that would offer state workers clarity as to who will be eligible for the new state employee retiree prescription drug benefit.

Mr. Chair and members of the committee, when the state last year passed a law creating a new benefit program for current and prospective retirees, it did so after hearing from thousands of retirees how the decision years ago to move all retiree prescription drugs benefits to Medicare Part D was a disservice to those who had given their professional careers to the well-being of Maryland. Hearing that for many state retirees, the medications that are needed to keep them alive, or that might be used in cases of unforeseen catastrophes would put many of their retirees into bankruptcy, the state took steps to correct this problem. Yes, in the event the state does win its current court case against a retiree, a supplemental state plan for current or prospective retirees may help us fend off economic ruin. But the bill passed did more to confuse, not clarify who was eligible for this plan, when retirees needed to be enrolled, et cetera. This bill before you this morning takes steps to clarify these questions.

Because this bill spells out that this program will be implemented on the second open-enrollment period following the resolution of the Fitch v. State of Maryland court case, if the state prevails, DBM will have much more time to plan and clarify the eligibility requirements for this benefit, as well as ample opportunity to inform retirees of the steps they need to take in order to be enrolled. In addition, state employees thinking about retirement will have more time to consider their expected costs once they have left their position in service for the state. It is for these reasons, MCEA calls for a favorable report to SB 884.

SB 884 - prescriptions

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Patrick Moran - President

Testimony

SB 884 State Prescription Drug Benefits – Retiree Benefits - Revision Support

AFSCME Council 3 supports SB 884. This bill builds on legislation passed last year regarding prescription drug coverage by extending important safeguards to employees, even if they are hired after June, 2011, and by extending the deadline for eligibility for the best prescription drug plan.

In 2019, the legislature passed SB 946 which created three programs. The first, for those that retired by December 31, 2019, provided an out-of-pocket maximum equivalent to those of state employees. The second program, for those who retired after December 31, and were hired before June, 2011, created a higher out-of-pocket maximum at the “catastrophic” level of Medicare Part D. The third allowed retirees in either of these programs access to “life sustaining” medicine if denied by Part D, but available in the State’s formulary.

Some problems have surfaced with this plan. As of December 31, 2019, employees had no way of knowing the outcome of the court injunction and therefore had no basis for making an informed decision.

Secondly, it is clear that employees hired after 2011 had no knowledge of the future cut in their retiree prescription drug benefits until receiving a letter in the fall of 2019. Even the employee health benefits booklets made no mention of this change. Beyond that, because Part D has no out-of-pocket maximum, some employees with expensive conditions will simply have no way to pay for their medicine.

The number of people affected by the out-of-pocket maximum is limited. Last year, the Department of Legislative Services did an assessment of the number of current retirees that would expect to pay more than \$5,000 for their benefits and determined that roughly 3% of the retiree population was impacted. For that 3%, however, this is a critical issue. The level of “catastrophic” coverage is subject to increases. For example, it was just over \$5000 last year and is up to \$6350 in 2020, so the number of affected employees could decrease. Similarly, it is not expected that there will be many medicines not available in Part D that are in the state’s formulary.

There are fewer employees eligible for these benefits all the time. In 2011, the state changed eligibility for retiree health benefits from 5 years to 10.

State employees have been through a lot. The one thing they have counted on is decent health coverage and a modest pension when they retire. Please help make sure these expectations were justified and rewarded.

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MTA_FAV_SB884

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M a r y l a n d Troopers Association



INCORPORATED 1979

February 20, 2020

The Honorable Sarah Elfreth, Chair and Members of Senate Pensions Subcommittee

RE: SB 884 State Prescription Drug Benefits - Retiree Benefits - Revisions

POSITION: SUPPORT

The Maryland Troopers Association (MTA) has a membership strength of approximately 2,629 members of which 1,120 are active sworn members and 1,509 are retirees. It is organized into twelve Lodges located throughout the State of Maryland.

SB884 introduced by Senator Klausmeier defers until the second open enrollment period following the final resolution of the U.S. District Court injunction. The implementation of the action taken by SB946 during the 2019 Legislative Session and the 2011 Budget Reconciliation & Financing Act eliminated the State Prescription Drug Benefit Plan for retirees once they reach 65 years of age. While we understand the financial obligation that this action places on the State of Maryland, this was an obligation the State took on when hiring a Trooper and was understood by both the Trooper and the employer during their many years of service.

State Troopers began their careers with the understanding that Health and Prescription benefits would be provided to them during their employment with the state and continue through their retirement years based on eligible service time.

Troopers planned for their retirement based on these benefits and it is very unfair and disingenuous to change the benefit rules in the middle of their retirement years. Troopers put their lives on the line every day to serve the citizens of Maryland and the State has a moral obligation to keep the agreement that these officers expected, and the State promised.

Therefore, the Maryland Troopers Association supports SB884 and requests a favorable report.

Brian Blubaugh, MTA President

Member of National Troopers Coalition

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MPEC_FAV_SB884

Uploaded by: Stinnett, Sean

Position: FAV



MARYLAND PROFESSIONAL EMPLOYEES COUNCIL

AFT. AFL-CIO Local 6197

**Written Testimony Submitted for the Record to the Maryland State Senate
Before the Senate Budget and Taxation Committee
Testimony of Sean Stinnett, member, Maryland Professional Employees Council
AFT Local 6197
February 20, 2020
SB 884 – State Prescription Drug Benefits – Retiree Benefits - Revisions**

SUPPORT

Good morning Mr. Chair and members of the Senate Budget and Taxation Committee. My name is Stinnett and I am an employee for the state of Maryland, working in the Department of General Services. I am also a member of the Maryland Professional Employees Council, AFT Local 6197, representing the over 5000 professional employees who work for the state of Maryland. On behalf of those state employees, and MPEC's president Jerry Smith, we ask for a favorable report to SB 884, the bill that would offer state workers clarity as to who will be eligible for the new state employee retiree prescription drug benefit.

Mr. Chair and members of the committee: no one who decides to spend their careers in the service of our state does so with the idea that they will become rich. We love our state and we do feel a sense of community when we are able to bring important services to the residents of Maryland in order to make our state the best it can be. We do hope that we as state workers will be compensated fairly, and at an appropriate level based on our expertise, experience, and level of training. When the time comes for us to retire, we expect that our employer, who has benefitted so greatly by the many years of service we have given Maryland, will in turn follow-through on its commitment to do right by its retirees in the form of a stable, steady, defined income, coupled with helping us handle the costs of our health care and prescription drugs.

This bill, SB 884, will grant state retirees clarity when it is time for those retirees to ask themselves when it is the best time to retire. Unfortunately, under current law, there is much confusion about who will be eligible for the new retiree prescription drug benefit. The Department of Budget and Management has issued, stemming from this law you all passed last session, confusing guidelines to current state workers about precisely when those retirees need to be off active payroll. As a result, state employees who are considering retirement, must make life-altering decisions—namely, how much per month they can reasonably expect to pay in prescription drugs—based on confusing, unclear, or perhaps even incorrect, data.

Because this bill spells out that this program will be implemented on the second open-enrollment period following the resolution of the Fitch v. State of Maryland court case, if the state prevails, DBM will have much more time to plan and clarify the eligibility requirements for this benefit, and state employees thinking about retirement will have more time to consider their expected costs once they have left their position in service for the state. It is for these reasons, MPEC calls for a favorable report to SB 884. Thank you.

