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## **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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An employee has the right to a union representative if requested by the employee.  
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