

## Supportive (FAV) Testimony for Senate Bill 349 (State Prescription Drug Benefits - Retirees)

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Thank you for the opportunity to provide testimony in support of SB 349. I encourage each of you to vote in favor of this bill that is of grave importance to tens of thousands of retirees. My name is Mark Varner, and I retired after 30 years of continuous service to the State of Maryland. I live in New Carrollton, MD.

I'd like to share with you two key points for the Committee's consideration.

**The first point** is when I retired in 2011 I asked the Director of Human Resources for our organization specifically if my prescription coverage would continue for my wife and I after I retired. He said, "Yes it will for both of you." I have some medical complications and the issue was a concern. As you consider your vote on SB 349, please note that this retiree was told by a responsible and expert Maryland State Employee that my prescription drug benefits would continue. I'm certain that I'm not the only person who was informed of this policy.

**The second point** is that communications from the Maryland Department of Management and Budget have suggested that the changes over to dropping off the State plan for prescription drug benefits would have little financial impact on retirees due to the cap for 'out-of-pocket' costs in Medicare Part D plans. I would like to share with you my best estimate on the financial impact my wife and I would face for 2025 if you do not vote in favor of SB 349.

I have compared the current State plan to this year's Medicare Part D that would be applicable to my case. The monthly cost of the program will more than double (\$960 versus \$2,100 annually). Even with the Medicare Part D out-of-pocket cap of \$2,000 for 2025, my 'out-of-pocket' costs will be increased over 7-fold (\$568 versus \$4,000 annually).

Some of my needed medications are not covered by most Medicare Part D plans available to my wife and I. The medications that are covered by the plan are listed in the plan's "Formulary." Importantly, the medications that

are not in the Formulary covered by the Medicare Part D plan do not count towards the cap for the Medicare plan. That means that my 'out-of-pocket' costs could be over \$20,000 per year, and we will not know those costs until this coming fall during 'Open Season.'

When considered together, the cost of the insurance and the 'out-of-pocket' for medications will be four-fold greater (\$1,528 versus \$6,100 annually). If the Formulary for available medications changes it could well be over \$20,000 annually.

My wife and I are fixed-income retirees. Finding an extra \$4,500 in our budget will be highly difficult to say nothing of an extra \$20,000. I am certain that I am not the only dedicated former Maryland State employee who will face such a decision of what we will do without so that we can afford our medications.

Thank you for your time and consideration of SB 349. Please vote in favor of the bill.