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Written Testimony in support of SB 349: Pharmaceutical Benefit for Retired State Employees

Please vote for SB 349 to correct the State's retroactive and unfair elimination of a pharmaceutical benefit that State employees have counted on for decades while planning for and living through their retirement years. At the very least, the benefit should be retained for retirees who were hired before July 1, 2011 and had vested into the retiree health benefit plan before retiring, e.g., had at least 16 years of service.

(Full disclosure: I am a State retiree hired before July 1 2011 with over 16 years of service—in fact, 36 years plus.)

While eliminating the benefit for a future class of employees is debatable given what are generally recognized as lower salaries received by State employees, retroactively axing it from long serving employees was and remains simply wrong. (Although a court has said that the promise of this benefit in retirement does not amount to a constitutionally protected contract, as legislators you know there can be a wide gap between what is legal and what is wrong.) The State has reduced employee benefits in the past, but never retroactively.

You have been provided a detailed analysis of how we got into this mess by William Kahn and others. That analysis also explains why maintaining the benefit will not cost the State very much when considering the overall budget. When doing the right thing costs so little in terms of the overall budget, it should be done.

The detailed analysis also explains that the costs claimed by DBM are exaggerated. While I do not have the expertise to analyze actuarial projections, the fact that there is a significant dispute about the costs should at least give the Senate pause. At the very least, the benefit program should be continued so these significant issues can be properly and thoroughly vetted by a more independent study that includes retirees.

I realize 2024 is not the best budget year for this cause, but State retirees served year after year through quite a few bad budget years, often without COLAs or step increases. While the timing on this is not optimal, action needs to occur in the 2024 General Assembly to keep the benefit from lapsing. It is not the retirees' fault that the court process concluded this fiscal year and not last year when finances were better.

Jeffrey Myers