

Senate Budget and Taxation Committee  
Senator Guy Guzzone, Chair  
Senator Jim Rosapepe, Vice Chair

February 28, 2024

**Favorable - SB0349**

Dear Members of the Committee:

I am requesting a favorable vote on Senate Bill 349 and also asking you to consider delaying the cancellation of the State retiree prescription drug benefit for Medicare-eligible retirees until a summer study of this issue can be conducted to protect vulnerable retirees from this devastating loss.

The law, created by Chapter 767/SB946(2019), will remove Medicare-eligible retirees from the State plan and enroll those retirees in Medicare Part D effective January 1, 2025. Conversely, voting for SB0349 will cancel that transition and continue the State Prescription Plan for Medicare-eligible retirees.

Legislators say, "Most retirees should experience little, if any, changes in out-of-pocket prescription drug costs." It's not true. Retirees will have huge increases in drug costs. An administrative office has distributed this misleading, incomplete and therefore incorrect information to legislators. When will that office issue a retraction? The State will pay high medical bills when retirees stop taking medication and then end up in the Emergency Room. Some will die. Prescription drugs are cheaper than medical bills.

State retirees want the State to keep its promise. All Medicare-eligible retirees who were hired before July 2011, when the State stopped offering retiree prescription benefits to new employees, should be grandfathered in and continue to receive the combination State Prescription Drug Benefit Employee Group Waiver (EGWP) plan which is Part Medicare Part D and Part State funded, because Part D alone is inferior to the State EGWP plan.

The State EGWP combination plan has a robust formulary, otherwise known simply as the drug list. In contrast, each Medicare Part D plan's drug list is unique, **covering** the minimum of two drugs per category. Retirees should enter their prescription drugs on Medicare.gov before choosing a plan to ensure the prescription drugs they take are covered.

When taking multiple drugs, the chance of having drugs **not** covered increases. Most Part D plans limit their drug list, even expensive plans. Canceling the State plan is going to hurt those who take multiple drugs. That may not be the intent, but it will be the result.

Only **covered** drugs included in the drug list of the Part D plan that the retiree selects will **count toward** out-of-pocket costs for the new 2025 Medicare Part D **\$2,000 cap** that's supposed to fix everything for retirees. All you need is one expensive **uncovered** drug and you are doomed.

As an example, my husband had cancer and needed chemotherapy. Suddenly he had a blood clot and was prescribed a blood thinner, which the State Plan **covers for** a \$50 copay for 90 days.

On the other hand, Part D charges coinsurance ( 20-50% of the **covered** drug cost.) It would cost \$400-\$1,000 every 90 days. That's a minimum \$350 difference between the State plan and Part D for one **covered** drug. Part D will cause a huge increase in **covered** drugs.

Even more, had the drug not been covered, he would have had to pay \$2,000 for 90 days. Sometimes a cheaper substitute drug may be used and sometimes it cannot. But other blood thinners require frequent blood tests. He was barely well enough to take the chemotherapy treatment, much less the required additional blood tests. He needed this drug..

Last year, his prescription drugs on the **state plan cost \$800+**. Next year with **Part D it will be \$4,700+**. That's \$1,200 more for covered drugs and \$2,700+ more for uncovered drugs. To proclaim the \$2,000 cap as the policy fix for retirees when someone has to pay \$4700+, that's just plain wrong!

Another example: My neighbor will be 65 in October 2025. He will sign up for Part D, have a \$590 deductible to meet, he won't be able to pay for his medication for Oct - Dec. If he survives, he will have to start over in January with a new larger deductible to meet, again he won't be able to pay for his medication. He is going from paying \$588/year for prescriptions to \$2,000/year which is a lot because he is just barely making it now. Since he retired after January 1, 2020, there is no help for him.

The state claims "they can't afford it." Why would legislators think that fixed-income retirees will be able to afford this extra expense? I suspect that many retirees will stop taking medication when they are switched from the State plan to the Part D plan because they won't be able to afford it. This is not a good idea. When retirees can't pay for their drugs, some will turn to their families. Retirees and their families will suffer through Medicare Part D in 2025. The following year (2026) is an election year. Retirees will remember and their families will remember when they vote.

#### **Table 1 -**

As an example, let's examine a Maryland Retiree's options using his actual 2023 prescription drugs. We looked at the 19 possible 2024 Medicare Part D plan choices in Maryland. We selected the two most beneficial plans for this particular retiree. Humana had the lowest drug costs and Wellcare had the lowest premium. Please note that other retirees may find different plans that are more suitable for their needs determined by the prescription drugs they take.

In the first two rows (the pink rows) see the difference in premiums. Is the annual \$4.80 lowest premium, Wellcare, the most affordable? Looking at the annual costs for his **covered** drugs. The Humana annual costs of \$987.91 are less than half of the Wellcare costs of \$2,241.39. Wellcare has a \$545 deductible, but Humana does not. Our retiree has one prescription drug that is not on any Part D formulary. It's **not covered**. When we add the premium, the covered drugs, the deductible, and uncovered drugs, Humana costs less.

The third row (the blue row) shows the same Wellcare plan, but for the year 2025, combined with the Part D \$2,000 cap for prescription drug costs including the deductible. The retiree must pay for his **uncovered** drugs. With the \$2,000 cap, Wellcare costs less. Only drug costs (not premiums) are eligible for the \$2,000 cap.

The fourth row (the yellow row) lists the actual out of pocket costs for 2023 for this retiree on our current State Plan. Notice all of this retiree's drugs are **covered** on the State formulary. He has **no uncovered** drugs. The least expensive Wellcare plan, with the \$2,000 cap, is more than three times as much as the State plan. For this retiree, Part D is **not comparable** and much more costly.

Vote Yes to SB349 to restore State retirees prescription drug benefit.

Table 1 - An example to consider: Actual 2023 Prescription Drug Costs for a MD Retiree

Plan Name	Annual Premium	Annual costs for copays or coinsurance for <b>Covered</b> Drugs	Annual Deductible	Annual Premium, <b>Covered</b> Drugs, plus Deductible	Annual cost of Drugs not on formulary (not covered)	Annual Premium, Covered Drugs, Deductible, plus Non-Covered Drugs
<b>COSTS FOR TWO 2024 MEDICARE PART D PLANS (USING 2023 ACTUAL PRESCRIPTIONS)</b>						
Humana Premier Rx Plan	\$1,255.20	\$987.91	\$0	\$2,243.11	\$2,767.96	\$5,011.07
Wellcare Value Script	\$4.80	\$2,241.39	<b>\$545</b>	\$2,791.19	\$2,767.96	\$5,554.34
<b>COMPARING ANTICIPATED EXPENSES OF 2025 PLAN WITH LOWEST ANNUAL PREMIUM AND Medicare Part D \$2,000 CAP</b>						
Wellcare with the \$2,000 Part D cap Including the deductible	\$4.80	\$2,000.00	\$590		\$2,767.96	\$4,772.76
State of Maryland SilverScript Employer Plan Using 2023 Actual Costs	\$639.36	\$824.65	\$0	\$1,464.01	\$0	\$1,464.01

**Anticipated prescription coverage changes for Retirees under Medicare Part D – only:**

- Retirees must review their plan each year. Many plans change premiums, deductibles, formularies (drug lists), tiers and coinsurance each year. On the State plan retirees have one plan to choose from, it's the same plan each year, or any changes are handled by DBM. Under Part D some will pay less, many will pay more.
- The State plan charges copays. You pay either a copay of \$20, \$50, or \$80 for the drug. If the drug is less than the copay, you pay the cost of the drug. Many Part D plans charge a coinsurance, 25-50% of the cost of the drug. That's a big difference sometimes adding hundreds for one prescription.
- Part D is an individual plan, the State plan is a family plan. This affects retirees' total costs. Each Medicare-eligible retiree must choose a plan. A married couple must each choose their plans separately.
- Under Part D in 2025, each individual has an out-of-pocket cap of \$2,000. Under the State plan, out-of-pocket costs are capped at \$1,500 for a retiree and \$2,000 for a married couple/family if retired on or before January 1, 2020. Under Part D in 2025 a married couple may pay up to \$2,000 each out-of-pocket, or \$4,000. Only *covered* drugs count toward the cap.
- The majority of Part D plans have a deductible of \$590 in 2025. The State plan has no deductible. A couple will have two deductibles (unless the retiree chooses a plan with a higher premium without a deductible).
- Each plan has a formulary. Retirees list drugs they are taking when choosing a plan, but their doctor might prescribe a drug later that is not on the formulary of the plan the retiree chose. Retirees would have to pay for the drug for the rest of that year, until they can choose a plan that covers it the following year. This is not an issue with the State plan. State coverage is better. The Silver Script Plan administered by CVS Caremark (State EGWP plan) that retirees use now will not be available as an individual plan. Only drugs on the formulary count toward the \$2,000 out-of-pocket cap.
- Part D requires retirees to use the preferred pharmacy for the plan they choose. There is in network and out of network and then there is the preferred pharmacy. (The preferred pharmacy might be a chain). You must use the preferred pharmacy for the best price. The State plan does not require retirees to use a preferred pharmacy.

**Please vote Yes to SB349 to restore State retirees prescription drug benefit.**

Sincerely,

Kathlyn Miller  
Retired after 20 years with UMBC  
Catonsville, Maryland