

Senate Budget and Taxation Committee
February 28, 2024
Testimony of John G. Dedie
Favorable

I am asking you to support reinstatement of the RX coverage for retired state employees, SB 349 and to support a committee vote for the full vote on the Senate floor before Crossover Day.

I am asking you to support reinstatement of prescription drug coverage for over **50,000** Maryland retired state employees. **No state has lost its AAA bond rating solely because of its OPEB liability. Prescription drug coverage for retirees over 65 is not the major factor concerning the bond rating agencies.** Last week I talked with Jack Archibald of the Fitch Ratings Agency in NY and he said ratings are based on a state's willingness to repay debt. Maryland has always been good at that.

The state's Retiree Rx drug plan for those Medicare-eligible is not a new budget cost. The benefit has been a pay-as-you-go part of the budget since the benefit was established. Continued since 2018 under court injunction with no impact on state operations. **No other state or local jurisdiction has made the elimination of Rx drug coverage retroactive.** As more retirees die the cost of this benefit will decline every year. DBM is attempting a rollout starting in October with workers and counselors on call lines who will assist state retirees through the process of selecting a Medicare Part D plan that best suits their prescription drug needs. This is being attempted in months, not years. Remember how overstuffed the government was on the Obamacare rollout and the Maryland State rollout in 2013 and how smoothly that went with the low bidders doing the work.

The total costs to most retirees will be significantly more than the so-called "out-of-pocket" costs. The coverage through Part D is terrible. The plans can add or drop coverage for drugs after you have selected a plan, and they can increase copayments on drugs. Part D is not comprehensive coverage. The donut hole does end for 2025, but there are deductibles that must be met before coverage occurs along with ongoing copays. Plus, you can only get a 30 day supply of medication. Many Seniors will be forced to pick between taking their RX and eating. I encourage you to ask your parents about their Medicare prescription history and cost.

People ask why it is hard to hire and retain state employees. When you take away their benefits over time, they seek other options. A state career was once security and great

benefits, now it's just another job. We should not make this a rerun of what happened to Bethlehem Steel workers who lost their benefits like my late father-in-law.

Finally, opposing SB 349 is throwing Grandma and her grandchildren from the train. A mistake was made in 2011, in 2024 that mistake should be corrected. Even a summer study to refocus and examine the consequences of this would be an important move.