

# MAINE STATE LEGISLATURE

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Date: 7-19-2021

(Filing No. H-745)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
130TH LEGISLATURE  
FIRST SPECIAL SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 577,  
L.D. 1733, "An Act To Provide Allocations for the Distribution of State Fiscal Recovery  
Funds"

Amend the amendment by inserting after Part MM the following:

PART NN

Sec. NN-1. 20-A MRSA §13451, sub-§3, as amended by PL 2021, c. 312, §7, is  
further amended to read:

3. Payment by State. The State shall pay a percentage of the retired teacher members'  
share of this insurance according to the following schedule:

- A. Thirty percent until July 1, 2002;
- B. Thirty-five percent from July 1, 2002 to July 31, 2003;
- C. Forty percent from August 1, 2003 to December 31, 2005; and
- D. Forty-five percent after ~~December 31, 2005~~ from January 1, 2006 to June 30, 2021;  
and
- E. Fifty-five percent after June 30, 2021.

Except for individuals who are receiving or who have received retirement benefits under  
Title 5, section 17907 or 17929, for a teacher who retires after July 1, 2012, the State shall  
begin paying the percentage of the retired teacher member's share pursuant to this  
subsection when the retiree reaches normal retirement age.

~~For the fiscal years ending June 30, 2012, June 30, 2013, June 30, 2014 and June 30, 2015,  
the State's total cost for retired teachers' health insurance premiums is budgeted at the fiscal  
year 2010-11 funding level adjusted for projected membership growth. The increase in the  
State's total cost for retired teachers' health insurance premiums for fiscal years ending after  
June 30, 2015 is budgeted at no more than any percentage increase in the Consumer Price  
Index as defined in Title 5, section 17001, subsection 9 plus 3%. A provider of a health  
insurance benefit plan for retired teachers must make available data related to the provider's  
premium costs and any related data as requested by the Executive Director of Employee  
Health and Wellness within the Department of Administrative and Financial Services.~~

HOUSE AMENDMENT

1 Amend the amendment by relettering or renumbering any nonconsecutive Part letter or  
2 section number to read consecutively.

3 **SUMMARY**

4 This Part requires the State to pay 55% of a retired teacher's share of the premium for  
5 group accident and sickness or health insurance after June 30, 2021. It also removes some  
6 outdated language.

7 **SPONSORED BY:** 

8 (Representative FAULKINGHAM, B.)

9 **TOWN: Winter Harbor**



# 130th MAINE LEGISLATURE

LD 1733

LR 2086(12)

## An Act To Provide Allocations for the Distribution of State Fiscal Recovery Funds

Fiscal Note for House Amendment "4" to Committee Amendment "A"

Sponsor: Rep. Faulkingham of Winter Harbor

(H-745)

Fiscal Note Required: Yes

### Fiscal Note

No change to distribution of State Fiscal Recovery Funds

	FY 2021-22	FY 2022-23	Projections FY 2023-24	Projections FY 2024-25
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$0	\$3,794,939	\$3,933,074
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$0	\$3,794,939	\$3,933,074

#### Fiscal Detail and Notes

This amendment increases the State's contribution for retired teachers health insurance premiums from 45% to 55% in fiscal year 2021-22. At the same time and unrelated to this bill, the Maine Education Association Benefit Trust (MEABT) transitioned from a Medicare companion plan to a Medicare Advantage Group plan effective July 1, 2020, significantly reducing the premiums for the over 8,300 people on this plan. The fiscal impact of this bill and the MEABT plan change for the 2022-2023 and 2024-2025 biennia is provided in the table below. The estimated savings to the State from the MEABT plan change is shown in column (b). The total cost associated with the increase in the State's contribution from 45% to 55% beginning in fiscal year 2020-22 is shown in column (f). The net cost of this bill and the plan change together are shown in column (g).

Fiscal Year	Estimated annual cost to State without legislative changes (a)	Estimated savings from MEABT change to Medicare Advantage Group Plan (b)	Estimated annual cost to State with MEABT change to Medicare Advantage Plan (c)	State Share % (d)	Estimated annual cost to State with Enactment of LD 293 (e)	Estimated cost of LD 293 (as amended) (f)	Net cost of annual increase in State share and MEABT Plan change (g)
			(a + b)		(c / .45) * (d)	(e - c)	(e - a)
FY21	\$32,266,215	(\$3,077,432)	\$29,188,784	0.45	\$29,188,784	\$0	\$0
FY22	\$33,440,706	(\$3,189,450)	\$30,251,256	0.55	\$36,973,757	\$6,722,501	\$3,533,051
FY23	\$34,657,947	(\$3,305,546)	\$31,352,401	0.55	\$38,319,602	\$6,967,200	\$3,661,654
FY24	\$35,919,497	(\$3,425,868)	\$32,493,629	0.55	\$39,714,435	\$7,220,806	\$3,794,939
FY25	\$37,226,966	(\$3,550,569)	\$33,676,397	0.55	\$41,160,041	\$7,483,644	\$3,933,074

The Retired Teachers Health Insurance program received \$45.0 million in General Fund appropriations in fiscal year 2020-21 and paid approximately \$28.8 million for its contribution for retired teachers health insurance premiums. The State is also expected to apply \$10.0 million of the General Fund appropriation towards the unfunded actuarial liability (UAL) of the retired teachers health insurance plan pursuant to Title 5, §286-B, sub-§2. Given this information, expenditures for this program are estimated to be less than appropriations for fiscal year 2020-21 by approximately \$6.2 million (\$45.0 million - \$28.8 million - \$10 million).

Funds appropriated to the Retired Teachers Health Insurance program are transferred to the Retiree Health Insurance Fund, an internal services fund within the Department of Administrative and Financial Services. Unexpended funds in this Fund are carried forward into the next fiscal year and may be used to pay future premium costs or applied to the normal or UAL costs of the retired teachers health insurance plan. It is the intent that a portion of the \$6.8 million in unexpended funds in fiscal year 2020-21 be used to cover the \$5.3 million cost in fiscal year 2022-2023 biennium and no additional funding is required in either fiscal year 2021-22 and fiscal year 2022-23.