

DATE: May 10, 2021

TO: Senator Craig Hickman, Chair
Representative Mike Sylvester, Chair
Members, Joint Standing Committee on Labor and Housing

FROM: Michael J. Colleran, Chief Deputy Executive Director and General Counsel

SUBJECT: Testimony on L.D. 1644 – An Act To Improve the Disability Retirement Program of the Maine Public Employees Retirement System

Senator Hickman, Representative Sylvester, and members of the Joint Standing Committee on Labor and Housing. My name is Michael Colleran, and I am Chief Deputy Executive Director and General Counsel for the Maine Public Employees Retirement System.

MainePERS is neither for nor against L.D. 1644. We are here to provide information and offer any assistance the Committee might need regarding this bill.

L.D. 1644 is an updated version of a bill (L.D. 1978) that was reported out favorably as amended by this Committee last year, but was not acted on by the full Legislature before adjournment. MainePERS has worked with the sponsor and stakeholders on the language of L.D. 1644 to address concerns that we had raised with the original bill.

It was clear from the moving testimony the Committee heard last year that changes were needed to the MainePERS disability retirement program. MainePERS had started making changes to the program prior to that time, and has continued to make improvements over the past year. One of the most significant changes was the disbanding of the Medical Board, which was perhaps the primary objective of the bill's proponents. MainePERS has contracted with the University of Massachusetts Medical School for medical review services in place of the former Medical Board. We also have instituted a process where any denial of an application for disability retirement benefits must first be reviewed by me and our two Deputy Executive Directors to ensure that the application was fairly considered and the result is correct.

L.D. 1644 incorporates the elimination of the Medical Board into statute. It requires that an applicant be offered an independent medical examination prior to any application denial. It makes changes to the appeals process that are favorable to members, including reimbursement of up to \$12,000 in attorney's fees for members who are successful on an appeal.

L.D. 1644 also calls for MainePERS to convene a stakeholder group to develop an implementation plan for providing mandatory long-term disability insurance coverage to retirement system members through their employers. The work we have done with stakeholders over the past few years has shown that there is a gap in income protection for many governmental employees. MainePERS disability retirement is not available unless the member is permanently disabled, most employers do not offer long-term disability insurance (“LTDI”), and those that do frequently have low uptake on the coverage.

Providing mandatory LTDI through employers would solve this problem, but there are cost and other issues that should be studied and incorporated into an implementation plan that works for both employers and employees. L.D. 1644 provides for that study, with a report due to the 131st Legislature.

Thank you for your consideration of this testimony. I would be happy to answer your questions and will be available at your work session.