

SENATE BILL 956

P4, K4

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CF HB 602

By: **Senators Hershey and Edwards**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Employee and Retiree Health and Welfare Benefits Program –**
3 **Participation – County, Municipal Corporation, or County Board Retirees**

4 FOR the purpose of authorizing certain retired employees of a county, municipal
5 corporation, or county board to participate in the State Employee and Retiree Health
6 and Welfare Benefits program under certain circumstances; requiring the governing
7 body of a county, municipal corporation, or county board to pay certain costs and to
8 make certain determinations with regard to certain retirees under certain
9 circumstances; altering a certain definition; making a stylistic change; and generally
10 relating to participation of retired employees of a county, municipal corporation, or
11 county board in the State Employee and Retiree Health and Welfare Benefits
12 program.

13 BY repealing and reenacting, with amendments,
14 Article – State Personnel and Pensions
15 Section 2–508 and 2–513
16 Annotated Code of Maryland
17 (2015 Replacement Volume and 2019 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
19 That the Laws of Maryland read as follows:

20 **Article – State Personnel and Pensions**

21 2–508.

22 (a) (1) In this section the following words have the meanings indicated.

23 (2) “Creditable service” means:

24 (i) service credited toward a retirement allowance under Division II

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 of this article;

2 (ii) service while a member of the Judges' Retirement System under
3 Title 27 of this article;

4 (iii) service while an employee was employed by the Domestic
5 Relations Division of the Anne Arundel County Circuit Court, prior to transfer on or before
6 July 1, 2002 into the State Personnel Management System, in accordance with § 2-510 of
7 the Courts Article; or

8 (iv) service while a member of the Maryland Transit Administration
9 Retirement Plan under § 7-206 of the Transportation Article.

10 (3) (i) "Retiree" means:

11 1. a former State employee who receives a retirement
12 allowance under Division II of this article;

13 2. a former employee of the Medical System Corporation, as
14 defined in § 13-301 or § 13-401 of the Education Article, who receives a retirement
15 allowance from the Employees' Retirement System of the State of Maryland or the
16 Employees' Pension System of the State of Maryland under Title 22 or Title 23 of this
17 article; [or]

18 3. a former employee of the Maryland Transit
19 Administration who receives a Maryland Transit Administration retirement allowance
20 under § 7-206 of the Transportation Article; **OR**

21 **4. A FORMER EMPLOYEE OF A COUNTY, MUNICIPAL**
22 **CORPORATION, OR COUNTY BOARD WHO RECEIVES A RETIREMENT ALLOWANCE**
23 **UNDER DIVISION II OF THIS ARTICLE.**

24 (ii) "Retiree" does not include:

25 1. a member of the faculty or staff of a community college;

26 2. a teacher or a staff member employed by a county board of
27 education; or

28 3. an individual who retired under an optional program
29 under Title 30 of this article.

30 (4) "State service" means service with the State by:

31 (i) an employee while a member of the Employees' Retirement
32 System or the Employees' Pension System under Title 22 or Title 23 of this article;

1 (ii) a member of the Judges' Retirement System under Title 27 of
2 this article;

3 (iii) a teacher while a member of the Teachers' Retirement System or
4 Teachers' Pension System under Title 22 or Title 23 of this article;

5 (iv) a correctional officer, while a member of the Correctional
6 Officers' Retirement System under Title 25 of this article;

7 (v) an employee of the Medical System Corporation, as defined in §
8 13-301 or § 13-401 of the Education Article, while a member of the Employees' Retirement
9 System of the State of Maryland or the Employees' Pension System of the State of Maryland
10 under Title 22 or Title 23 of this article;

11 (vi) a State Police officer while a member of the State Police
12 Retirement System under Title 24 of this article;

13 (vii) a law enforcement officer while a member of the Law
14 Enforcement Officers' Pension System under Title 26 of this article; or

15 (viii) an employee while a member of the Maryland Transit
16 Administration Plan under § 7-206 of the Transportation Article.

17 (b) (1) This subsection applies to a retiree who:

18 (i) began State service on or before June 30, 2011; [or]

19 (ii) 1. began State service on or after July 1, 2011; and

20 2. is a retiree of the Judges' Retirement System; OR

21 **(III) SUBJECT TO § 2-513(B) OF THIS SUBTITLE, BEGAN SERVICE**
22 **WITH A COUNTY, MUNICIPAL CORPORATION, OR COUNTY BOARD ON OR BEFORE**
23 **JUNE 30, 2011.**

24 (2) A retiree may enroll and participate in the health insurance benefit
25 options established under the Program if the retiree:

26 (i) ended State service **OR SERVICE WITH A COUNTY, MUNICIPAL**
27 **CORPORATION, OR COUNTY BOARD** with at least 10 years of creditable service and within
28 5 years before the age at which a vested retirement allowance normally would begin;

29 (ii) ended State service **OR SERVICE WITH A COUNTY, MUNICIPAL**
30 **CORPORATION, OR COUNTY BOARD** with at least 16 years of creditable service;

1 (iii) ended State service **OR SERVICE WITH A COUNTY, MUNICIPAL**
2 **CORPORATION, OR COUNTY BOARD** on or before June 30, 1984;

3 (iv) retired directly from State service **OR SERVICE WITH A**
4 **COUNTY, MUNICIPAL CORPORATION, OR COUNTY BOARD** with a State retirement
5 allowance on or after July 1, 1984, and had at least 5 years of creditable service; or

6 (v) retired directly from State service **OR SERVICE WITH A**
7 **COUNTY, MUNICIPAL CORPORATION, OR COUNTY BOARD** with a State disability
8 retirement allowance on or after July 1, 1984.

9 (3) (i) The surviving spouse or dependent child of a deceased retiree
10 who was eligible to enroll may enroll and participate in the health insurance benefit options
11 established under the Program as long as the spouse or child is receiving a periodic
12 allowance under Division II of this article or the Maryland Transit Administration
13 Retirement Plan under § 7-206 of the Transportation Article.

14 (ii) Subparagraph (i) of this paragraph does not apply to a deceased
15 retiree's spouse or dependent child who receives an Option 1, Option 4, or Option 7 benefit
16 under Division II of this article or a lump-sum payment of benefits under the Maryland
17 Transit Administration Retirement Plan under § 7-206 of the Transportation Article.

18 (4) (i) If a retiree receives a State disability retirement allowance or has
19 16 or more years of creditable service, the retiree or the retiree's surviving spouse or
20 dependent child is entitled to the same State subsidy allowed a State employee.

21 (ii) In all other cases, if a retiree has at least 5 years of creditable
22 service, the retiree or the retiree's surviving spouse or dependent child is entitled to 1/16 of
23 the State subsidy allowed a State employee for each year of the retiree's creditable service
24 up to 16 years.

25 (iii) Notwithstanding subparagraph (ii) of this paragraph and
26 subsection (a)(4)(i) of this section, if a retiree is an additional employee or agent of the State
27 Racing Commission, for the purposes of determining a retiree's State subsidy, creditable
28 service shall be determined with respect to service as an additional employee or agent
29 beginning from the initial date of employment or January 1, 1986, whichever is later.

30 (c) (1) (i) Except as provided in subparagraph (ii) of this paragraph, this
31 subsection applies to a retiree who begins State service **OR, SUBJECT TO § 2-513(B) OF**
32 **THIS SUBTITLE, SERVICE WITH A COUNTY, MUNICIPAL CORPORATION, OR COUNTY**
33 **BOARD** on or after July 1, 2011.

34 (ii) This subsection does not apply to:

35 1. a retiree of the Judges' Retirement System; or

1 2. a former Governor of Maryland who began serving as
2 Governor on or after January 21, 2015.

3 (2) A retiree may enroll and participate in the health insurance benefit
4 options established under the Program if the retiree:

5 (i) ends State service **OR SERVICE WITH A COUNTY, MUNICIPAL**
6 **CORPORATION, OR COUNTY BOARD** with at least 25 years of creditable service;

7 (ii) ends State service **OR SERVICE WITH A COUNTY, MUNICIPAL**
8 **CORPORATION, OR COUNTY BOARD** with at least 10 years of creditable service within 5
9 years before the age at which a vested retirement allowance normally would begin;

10 (iii) retires directly from State service **OR SERVICE WITH A**
11 **COUNTY, MUNICIPAL CORPORATION, OR COUNTY BOARD** with a State retirement
12 allowance and has 10 years of creditable service; or

13 (iv) retires directly from State service **OR SERVICE WITH A**
14 **COUNTY, MUNICIPAL CORPORATION, OR COUNTY BOARD** with a State disability
15 retirement allowance.

16 (3) (i) The surviving spouse or dependent child of a deceased retiree
17 who was eligible to enroll may enroll and participate in the health insurance benefit options
18 established under the Program as long as the spouse or child is receiving a periodic
19 allowance under Division II of this article or the Maryland Transit Administration
20 Retirement Plan under § 7-206 of the Transportation Article.

21 (ii) Subparagraph (i) of this paragraph does not apply to a deceased
22 retiree's spouse or dependent child who receives an Option 1, Option 4, or Option 7 benefit
23 under Division II of this article or a lump-sum payment of benefits under the Maryland
24 Transit Administration Retirement Plan under § 7-206 of the Transportation Article.

25 (4) (i) If a retiree receives a State disability retirement allowance or has
26 25 or more years of creditable service, the retiree or the retiree's surviving spouse or
27 dependent child is entitled to the same State subsidy allowed a State employee.

28 (ii) In all other cases, if a retiree has at least 10 years of creditable
29 service, the retiree or the retiree's surviving spouse or dependent child is entitled to 1/25 of
30 the State subsidy allowed a State employee for each year of the retiree's creditable service
31 up to 25 years.

32 (iii) Notwithstanding subparagraph (ii) of this paragraph and
33 subsection (a)(4)(i) of this section, if a retiree is an additional employee or agent of the State
34 Racing Commission, for the purposes of determining a retiree's State subsidy, creditable
35 service shall be determined with respect to service as an additional employee or agent
36 beginning from the initial date of employment.

1 (d) (1) Notwithstanding subsections (b) and (c) of this section and §§ 2–509 and
2 2–509.1 of this subtitle, the State may establish separate health insurance benefit options
3 for retirees that differ from those for active State employees.

4 (2) Subject to § 2–509.1 of this subtitle, on or after July 1, 2011, the health
5 insurance benefit option for retirees shall include a prescription drug benefit that:

6 (i) has the same co–payments, coinsurance, and deductible that
7 apply to the prescription drug benefit for active State employees;

8 (ii) requires:

9 1. retirees who qualify for the maximum State subsidy to pay
10 25% of the premium for the prescription drug benefit; and

11 2. retirees who qualify for a partial State subsidy to pay 25%
12 of the premium for the prescription drug benefit plus the proportional additional amount
13 required under subsections (b)(4)(ii) and (c)(4)(ii) of this section; and

14 (iii) requires retirees to pay out–of–pocket limits equal to:

15 1. \$1,500 for the retiree only; and

16 2. \$2,000 for the retiree and the retiree’s family.

17 2–513.

18 (a) (1) Subject to paragraph (2) of this subsection, an employee **OR A RETIREE**
19 of a county, municipal corporation, or county board may enroll and participate in the health
20 insurance benefit options established under the Program with the approval of the
21 governing body of the county, municipal corporation, or county board.

22 (2) An employee **OR A RETIREE** of a county board may enroll and
23 participate in the health insurance [benefits] **BENEFIT** options under paragraph (1) of this
24 subsection subject to any additional authorization required under the terms and conditions
25 of the employee’s employment.

26 (b) The governing body of the county, municipal corporation, or county board
27 shall:

28 (1) pay to the State the total costs resulting from the participation of its
29 employees **OR RETIREEES** in the Program; and

30 (2) determine the extent to which the county or municipal corporation will
31 subsidize participation by its employees **OR RETIREEES** in the Program.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2020.