

SENATE BILL 453

K4

6lr2775

By: **Senator Serafini**

Introduced and read first time: February 2, 2016

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2016

CHAPTER _____

1 AN ACT concerning

2 ~~State Retirement and Pension System—Optional Retirement Program—~~
3 ~~Eligibility for Retiree Health Benefits Subsidy~~
4 Workgroup to Study the Optional Retirement Program

5 ~~FOR the purpose of altering the eligibility requirements for a certain State subsidy under~~
6 ~~the State Employee and Retiree Health and Welfare Benefits Program for certain~~
7 ~~surviving spouses or dependent children of certain retirees of the Optional~~
8 ~~Retirement Program; and generally relating to eligibility for a certain State subsidy~~
9 ~~under the State Employee and Retiree Health and Welfare Benefits Program for~~
10 ~~certain spouses or dependents of certain retirees of the Optional Retirement~~
11 ~~Program.~~ FOR the purpose of establishing the Workgroup to Study the Optional
12 Retirement Program; providing for the composition, chair, and staffing of the
13 Workgroup; prohibiting a member of the Workgroup from receiving certain
14 compensation, but authorizing the reimbursement of certain expenses; requiring the
15 Workgroup to study and make recommendations regarding certain matters;
16 requiring the Workgroup to report its findings and recommendations to the Governor
17 and the General Assembly on or before a certain date; providing for the termination
18 of this Act; and generally relating to the Workgroup to Study the Optional
19 Retirement Program.

20 ~~BY repealing and reenacting, without amendments,~~
21 ~~Article—State Personnel and Pensions~~
22 ~~Section 2—508(b)(1) and (4)(i) and (ii) and (c)(1) and (4)(i) and (ii)~~
23 ~~Annotated Code of Maryland~~
24 ~~(2015 Replacement Volume)~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~BY repealing and reenacting, with amendments,
 Article—State Personnel and Pensions
 Section 2-509
 Annotated Code of Maryland
 (2015 Replacement Volume)~~

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

~~Article—State Personnel and Pensions~~

~~2-508.~~

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

~~(i) began State service on or before June 30, 2011; or~~

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

~~~~2.~~ is a retiree of the Judges' Retirement System.~~

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

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

~~(c) (1) (i) Except as provided in subparagraph (ii) of this paragraph, this subsection applies to a retiree who begins State service on or after July 1, 2011.~~

~~(ii) This subsection does not apply to:~~

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

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

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

~~(ii) In all other cases, if a retiree has at least 10 years of creditable service, the retiree or the retiree's surviving spouse or dependent child is entitled to 1/25 of~~

~~the State subsidy allowed a State employee for each year of the retiree's creditable service up to 25 years.~~

~~2-500.~~

~~(a) (1) This subsection applies to a retiree of an optional retirement program under Title 30 of this article who began service as an employee of the State in the Executive, Legislative, or Judicial Branch of government on or before June 30, 2011.~~

~~(2) (i) Subject to subparagraph (ii) of this paragraph, an individual may enroll and participate in the health insurance benefit options established under the Program if the individual retired under an optional program under Title 30 of this article and:~~

~~1. ended service with a State institution of higher education with at least 10 years of service and was at least age 57;~~

~~2. ended service with a State institution of higher education with at least 16 years of service; or~~

~~3. retired directly from and had at least 5 years of service with a State institution of higher education with a periodic distribution of benefits on or after July 1, 1984.~~

~~(ii) 1. For purposes of this subsection only, years of service shall be calculated as follows:~~

~~A. except as provided in subparagraph 2 of this subparagraph, a year of service means a period of 12 months during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program; or~~

~~B. if an employee's work year is an academic year of at least 9 but less than 12 months, a year of service means a period equal to the academic year during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program.~~

~~2. To determine eligibility for health insurance benefits under this section, each year of service shall be multiplied by the participant's percentage of full-time employment for that year of service.~~

~~(iii) The surviving spouse or dependent child of a deceased individual who was eligible to enroll may enroll and participate in the health insurance benefit options established under the Program as long as the spouse or child is receiving a periodic distribution of benefits under an optional retirement program under Title 30 of this article.~~

~~(3) [(i)] An enrollee under this section who was in service with a State institution of higher education at the time of the retirement OR THE ENROLLEE'S SURVIVING SPOUSE OR DEPENDENT CHILD is entitled to the same State subsidy allowed a retiree under § 2-508(b)(4) of this subtitle. [However, except as provided in subparagraph (ii) of this paragraph, the subsidy shall apply only to the costs of coverage for the enrollee and may not apply to any additional costs of coverage for the enrollee's spouse or children.~~

~~(ii) If the enrollee has 25 or more years of service as an employee of the State in the Executive, Legislative, or Judicial Branch of government, the enrollee or the enrollee's surviving spouse or dependent child is entitled to the same State subsidy allowed a retiree with 16 or more years of creditable service under § 2-508(b)(4)(i) of this subtitle.]~~

~~(b) (1) This subsection applies to a retiree of an optional retirement program under Title 30 of this article who begins service as an employee of the State in the Executive, Legislative, or Judicial Branch of government on or after July 1, 2011.~~

~~(2) (i) Subject to subparagraph (ii) of this paragraph, an individual may enroll and participate in the health insurance benefit options established under the Program if the individual retired under an optional program under Title 30 of this article and:~~

~~1. ended service with a State institution of higher education with at least 10 years of service and was at least age 57;~~

~~2. ended service with a State institution of higher education with at least 25 years of service; or~~

~~3. retired directly from and had at least 10 years of service with a State institution of higher education with a periodic distribution of benefits on or after July 1, 2011.~~

~~(ii) 1. For purposes of this paragraph only, years of service shall be calculated as follows:~~

~~A. except as provided in subsubparagraph 2 of this subparagraph, a year of service means a period of 12 months during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program; or~~

~~B. if an employee's work year is an academic year of at least 9 but less than 12 months, a year of service means a period equal to the academic year during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program.~~

~~2. To determine eligibility for health insurance benefits under this section, each year of service shall be multiplied by the participant's percentage of full-time employment for that year of service.~~

~~(iii) The surviving spouse or dependent child of a deceased individual who was eligible to enroll may enroll and participate in the health insurance benefit options established under the Program as long as the spouse or child is receiving a periodic distribution of benefits under an optional retirement program under Title 30 of this article.~~

~~(3) [(i)] An enrollee under this subsection who was in service with a State institution of higher education at the time of the retirement OR THE ENROLLEE'S SURVIVING SPOUSE OR DEPENDENT CHILD is entitled to the same State subsidy allowed a retiree under § 2-508(c)(4) of this subtitle. [However, except as provided in subparagraph (ii) of this paragraph, the subsidy shall apply only to the costs of coverage for the enrollee and may not apply to any additional costs of coverage for the enrollee's spouse or children.~~

~~(ii) If the enrollee has 25 or more years of service as an employee of the State in the Executive, Legislative, or Judicial Branch of government, the enrollee or the enrollee's surviving spouse or dependent child is entitled to the same State subsidy allowed a retiree with 25 or more years of creditable service under § 2-508(c)(4)(i) of this subtitle.] That:~~

(a) There is a Workgroup to Study the Optional Retirement Program.

(b) The Workgroup consists of the following members:

(1) a representative of the Maryland Higher Education Commission, appointed by the Secretary of Higher Education;

(2) the following representatives of public 4-year institutions of higher education, including representatives of Administrative Affairs and Academic Affairs:

(i) a representative of the University System of Maryland, appointed by the Chancellor of the University System of Maryland;

(ii) a representative of Morgan State University, appointed by the President of Morgan State University; and

(iii) a representative of St. Mary's College of Maryland, appointed by the President of St. Mary's College of Maryland;

(3) a representative of the Maryland Association of Community Colleges, appointed by the Executive Director of the Maryland Association of Community Colleges;

(4) a representative of the Department of Budget and Management, appointed by the Secretary of Budget and Management;

1           (5) a representative of the State Retirement Agency, appointed by the  
2 Executive Director of the State Retirement Agency; and

3           (6) a representative of a bargaining unit for nonexempt employees,  
4 appointed by the Governor.

5           (c) The Workgroup shall elect a chair from among its members.

6           (d) The University System of Maryland shall provide staff for the Workgroup.

7           (e) A member of the Workgroup:

8               (1) may not receive compensation as a member of the Workgroup; but

9               (2) is entitled to reimbursement for expenses under the Standard State  
10 Travel Regulations, as provided in the State budget.

11          (f) The Workgroup shall:

12               (1) review the population of employees eligible to participate in the  
13 Optional Retirement Program, including:

14                       (i) the number of employees in various employment categories, such  
15 as exempt and nonexempt categories;

16                       (ii) participation rates by employment categories; and

17                       (iii) changes in participation rates over time;

18               (2) review the contribution requirements for the Optional Retirement  
19 Program, including:

20                       (i) the State contribution rate for participants of the Optional  
21 Retirement Program; and

22                       (ii) the appropriateness of an employee contribution for participants  
23 of the Optional Retirement Program;

24               (3) review the eligibility criteria for health benefits of Optional Retirement  
25 Program participants, including:

26                       (i) the number of years of service participants in the Optional  
27 Retirement Program are required to have to be eligible for retiree health benefits and a  
28 prorated retiree health benefit subsidy;

1                   (ii) the number of years of service participants in the Optional  
2 Retirement Program are required to have for their spouses and dependents to be eligible  
3 for retiree health benefits; and

4                   (iii) whether any changes should be recommended to the eligibility  
5 criteria for the Optional Retirement Program that would authorize a prorated retiree  
6 health benefit subsidy for the spouses and dependents of participants of the Optional  
7 Retirement Program; and

8                   (4) make recommendations regarding any changes to the Optional  
9 Retirement Program that would improve the Program and would be beneficial to the  
10 participants in the Program and the State.

11                  (g) On or before December 1, 2016, the Workgroup shall report its findings and  
12 recommendations to the Governor and, in accordance with § 2-1246 of the State  
13 Government Article, the General Assembly.

14                  SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2016. It shall remain effective for a period of 1 year and, at the end of June 30, 2017,  
16 with no further action required by the General Assembly, this Act shall be abrogated and  
17 of no further force and effect.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.