

SENATE BILL 453

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By: **Senator Serafini**

Introduced and read first time: February 2, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Optional Retirement Program –**
3 **Eligibility for Retiree Health Benefits Subsidy**

4 FOR the purpose of altering the eligibility requirements for a certain State subsidy under
5 the State Employee and Retiree Health and Welfare Benefits Program for certain
6 surviving spouses or dependent children of certain retirees of the Optional
7 Retirement Program; and generally relating to eligibility for a certain State subsidy
8 under the State Employee and Retiree Health and Welfare Benefits Program for
9 certain spouses or dependents of certain retirees of the Optional Retirement
10 Program.

11 BY repealing and reenacting, without amendments,
12 Article – State Personnel and Pensions
13 Section 2–508(b)(1) and (4)(i) and (ii) and (c)(1) and (4)(i) and (ii)
14 Annotated Code of Maryland
15 (2015 Replacement Volume)

16 BY repealing and reenacting, with amendments,
17 Article – State Personnel and Pensions
18 Section 2–509
19 Annotated Code of Maryland
20 (2015 Replacement Volume)

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

23 **Article – State Personnel and Pensions**

24 2–508.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

4 (4) (i) If a retiree receives a State disability retirement allowance or has
5 16 or more years of creditable service, the retiree or the retiree's surviving spouse or
6 dependent child is entitled to the same State subsidy allowed a State employee.

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

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

13 (ii) This subsection does not apply to:

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

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

17 (4) (i) If a retiree receives a State disability retirement allowance or has
18 25 or more years of creditable service, the retiree or the retiree's surviving spouse or
19 dependent child is entitled to the same State subsidy allowed a State employee.

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

24 2-509.

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

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

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

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

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

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

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

14 B. if an employee's work year is an academic year of at least
15 9 but less than 12 months, a year of service means a period equal to the academic year
16 during which an employee was a participant in an optional retirement program under Title
17 30 of this article and the participant's employer made contributions to the participant's
18 account in the Program.

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

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

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

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

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

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

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

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

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

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

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

21 B. if an employee's work year is an academic year of at least
22 9 but less than 12 months, a year of service means a period equal to the academic year
23 during which an employee was a participant in an optional retirement program under Title
24 30 of this article and the participant's employer made contributions to the participant's
25 account in the Program.

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

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

33 (3) [(i)] An enrollee under this subsection who was in service with a State
34 institution of higher education at the time of the retirement **OR THE ENROLLEE'S**
35 **SURVIVING SPOUSE OR DEPENDENT CHILD** is entitled to the same State subsidy allowed
36 a retiree under § 2-508(c)(4) of this subtitle. [However, except as provided in subparagraph

1 (ii) of this paragraph, the subsidy shall apply only to the costs of coverage for the enrollee
2 and may not apply to any additional costs of coverage for the enrollee's spouse or children.

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2016.