

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

Senate Bill 357

(Senator Jones-Rodwell)(Chair, Joint Committee on
Pensions)

Budget and Taxation

Appropriations

State Retirement and Pension System - Medical Board Participation

This bill allows a physician who participates in the Optional Retirement Program (ORP) to serve on a State Retirement and Pension System (SRPS) medical board if the physician is not eligible for a disability benefit under State pension law. The physician may not participate in a case concerning disability benefits for a member who is employed by the same institution that employs the physician.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: None. The bill does not materially affect State finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

SRPS Medical Board: The SRPS Board of Trustees must appoint at least one medical board to arrange and approve medical examinations conducted in conjunction with members' claims for disability benefits. The medical board also investigates a member's claims concerning disability applications and submits written reports to the board with

conclusions and recommendations regarding disability claims and other matters referred to the medical board.

A medical board consists of three members and up to three alternates; a physician who is eligible to be a member of a State plan may not serve on a medical board.

ORP: Only eligible employees of employing institutions are eligible to join ORP. Employing institutions include:

- the University System of Maryland;
- Morgan State University;
- St. Mary's College of Maryland;
- community colleges and regional community colleges; and
- the Maryland Higher Education Commission, with respect to eligible employees.

Eligible employees of employing institutions have the option of joining ORP rather than enrolling in SRPS. ORP is a defined contribution program that provides an employer contribution of 7.25% of a member's compensation, which is paid by the State. Unlike SRPS plans, there is no mandated employee contribution in ORP; in fact, employee contributions are not authorized.

To join ORP, individuals in employing institutions must be eligible for membership in SRPS and be:

- members of the faculty of an employing institution;
- professional employees of a community college or regional community college;
- nonclassified employees of the University System of Maryland;
- employees of Morgan State University who are not subject to the provisions of Division I of the State Personnel and Pensions Article; or
- professional employees or faculty members of St. Mary's College of Maryland.

Background: The provision in current law that excludes physicians who are eligible for membership in a State plan from serving on a medical board is intended to avoid any potential conflicts of interests for physicians making determinations about a member's eligibility for disability benefits. As a result, most physicians employed by any public institution of higher education in the State, including those who elect to participate in ORP instead of the Teachers' Retirement System (TRS) or Teachers' Pension System (TPS), are not eligible to serve on a medical board. This includes most physicians in the University of Maryland Medical System, as well as those employed by community colleges. The exclusion applies even though ORP members are not eligible for disability benefits under State pension law; TRS/TPS members are eligible for disability benefits.

Ten physicians currently serve on medical boards. The State Retirement Agency (SRA) is currently recruiting to fill two positions on its medical boards, and recently learned that two current physician members will be retiring from medical board service shortly. SRA advises that the exclusion in current law unnecessarily restricts the pool of candidates available to serve on a medical board. Under the bill, physicians who are members of ORP would become eligible to serve on medical boards, but they would not be allowed to participate in cases concerning SRPS members who work for their employer.

Additional Information

Prior Introductions: None.

Cross File: HB 88 (Delegate Griffith)(Chair, Joint Committee on Pensions) - Appropriations.

Information Source(s): Maryland State Retirement Agency, Department of Legislative Services

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ncs/rhh

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