

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 448

(Senator Guzzone)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

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State Retirement and Pension System - Small Procurements - Medical  
Evaluations for Disability Retirement Benefits

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This bill raises the threshold for small procurements, from \$25,000 to \$50,000, for expenses by the State Retirement Agency (SRA) related to independent medical evaluations (IMEs) by a physician and testimony by the physician at administrative hearings on behalf of the agency.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** The bill has no direct effect on governmental finances but may provide operational benefits for SRA, which will be able to use streamlined procurement methods to select physicians to conduct IMEs.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** The maximum threshold for small procurements in State procurement law is \$25,000, except that it is \$50,000 for construction contracts awarded by the Department of General Services. In general, small procurements can use simplified administrative procedures but must be consistent with the basic intent of State procurement law.

**Background:** SRA regulations require that applicants for accidental or special (*i.e.*, line-of-duty) disability benefits undergo an IME by a physician selected by the agency. Applicants for ordinary (*i.e.*, non-line-of-duty) disability benefits may undergo an IME at the discretion of the Medical Board that reviews their application. In order to remain below the State's small procurement cap, the agency can pay each physician no more than \$25,000 per year. Exceeding the cap means the agency must follow more cumbersome procurement procedures that would delay the completion of the evaluations. The agency has found staying under that cap increasingly difficult as the number of IMEs and physician fees have both increased and applications have grown more complicated, necessitating more physician time testifying at administrative hearings. The State Retirement and Pension System Board of Trustees requested that the Joint Committee on Pensions (JCP) sponsor legislation to raise the small procurement cap related to IME expenses, and JCP agreed to sponsor the legislation.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 823 (Delegate B. Barnes)(Chair, Joint Committee on Pensions) - Appropriations.

**Information Source(s):** Department of General Services; Board of Public Works; Office of Administrative Hearings; State Retirement Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2017  
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