

# HOUSE BILL 1131

P4, L6, L3

8lr1501  
CF SB 1016

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By: **Delegate Morhaim**

Introduced and read first time: February 8, 2018

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Employee and Retiree Health and Welfare Benefits Program – Expansion**  
3 **of Participating Units**

4 FOR the purpose of requiring that, on the termination of any health insurance benefit  
5 option contracts that exist on a certain date, a county government, municipal  
6 corporation, or county board must enroll and participate in the State Employee and  
7 Retiree Health and Welfare Benefits Program; requiring the Program to encompass  
8 all units in all county governments, municipal corporations, and county boards;  
9 requiring the Secretary of Budget and Management to adopt certain regulations  
10 specifying which employees are eligible to participate in the Program with certain  
11 subsidies; specifying that, subject to certain regulations, an employee of a county  
12 government, municipal corporation, or county board may participate in the Program;  
13 altering the definition of “qualifying nonprofit organization”; establishing the Task  
14 Force to Study Cooperative Purchasing for Health Insurance; providing for the  
15 composition, chair, and staffing of the Task Force; prohibiting a member of the Task  
16 Force from receiving certain compensation, but authorizing the reimbursement of  
17 certain expenses; requiring the Task Force to study and make certain  
18 recommendations regarding cooperative purchasing of health insurance; requiring  
19 the Task Force to report its findings and recommendations to the Governor and the  
20 General Assembly on or before a certain date; providing for the termination of certain  
21 provisions of this Act; providing that existing obligations and contract rights may  
22 not be impaired by this Act; declaring the intent of the General Assembly; defining  
23 a certain term; making conforming changes; and generally relating to the State  
24 Employee and Retiree Health and Welfare Benefits Program.

25 BY repealing and reenacting, with amendments,  
26 Article – State Personnel and Pensions  
27 Section 2–501, 2–502, 2–507(a), 2–512(a), and 2–513  
28 Annotated Code of Maryland  
29 (2015 Replacement Volume and 2017 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,  
2 Article – State Personnel and Pensions  
3 Section 2–503(d)(2)  
4 Annotated Code of Maryland  
5 (2015 Replacement Volume and 2017 Supplement)

6 BY adding to  
7 Article – State Personnel and Pensions  
8 Section 2–503(d)(4)  
9 Annotated Code of Maryland  
10 (2015 Replacement Volume and 2017 Supplement)

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

13 **Article – State Personnel and Pensions**

14 2–501.

15 (a) In this subtitle the following terms have the meanings indicated.

16 **(B) (1) “COUNTY BOARD” MEANS THE BOARD OF EDUCATION OF A**  
17 **COUNTY.**

18 **(2) “COUNTY BOARD” INCLUDES THE BALTIMORE CITY BOARD OF**  
19 **SCHOOL COMMISSIONERS.**

20 **[(b)] (C) “Program” means the State Employee and Retiree Health and Welfare**  
21 **Benefits Program.**

22 **[(c)] (D) “Satellite organization” means any organization or entity whose**  
23 **employees are eligible to participate in the State Employee and Retiree Health and Welfare**  
24 **Benefits Program as a separate account.**

25 **[(d)] (E) “Wellness program” means a program that is designed to:**

26 (1) promote health or prevent or detect disease or illness;

27 (2) improve clinical outcomes;

28 (3) prevent or reduce acute admissions and readmissions to health care  
29 facilities;

30 (4) improve treatment compliance for chronic conditions;

31 (5) promote healthy behaviors; or

1 (6) prevent or control injury.

2 2–502.

3 (a) There is a State Employee and Retiree Health and Welfare Benefits Program,  
4 to be developed and administered by the Secretary.

5 (b) (1) The Program:

6 (i) subject to the regulations adopted under § 2–503 of this subtitle,  
7 shall encompass all units:

8 1. in the Executive, Judicial, and Legislative branches of  
9 State government, including any unit with an independent personnel system; **AND**

10 2. **SUBJECT TO SUBSECTION (C) OF THIS SECTION, IN A**  
11 **COUNTY GOVERNMENT, MUNICIPAL CORPORATION, AND COUNTY BOARD;**

12 (ii) shall include the health insurance benefit options established by  
13 the Secretary; and

14 (iii) except as provided in paragraph (2) of this subsection, may  
15 include any other benefit option that the Secretary considers appropriate.

16 (2) The Program may not contain any of the benefits provided under  
17 Division II or Title 35 or Title 37 of this article.

18 **(C) ON THE TERMINATION OF A CONTRACT FOR HEALTH INSURANCE**  
19 **BENEFIT OPTIONS FOR EMPLOYEES OF A COUNTY GOVERNMENT, MUNICIPAL**  
20 **CORPORATION, OR COUNTY BOARD THAT EXISTS ON JULY 1, 2018, A COUNTY**  
21 **GOVERNMENT, MUNICIPAL CORPORATION, OR COUNTY BOARD SHALL PARTICIPATE**  
22 **IN THE PROGRAM.**

23 2–503.

24 (d) (2) Employees of organizations and entities covered by this section may  
25 participate:

26 (i) without State subsidies; and

27 (ii) with payment by the organization or entity of administrative  
28 costs resulting from the participation of its employees in the Program.

29 **(4) THE SECRETARY SHALL SPECIFY BY REGULATION THE TYPES OR**  
30 **CATEGORIES OF COUNTY GOVERNMENT, MUNICIPAL CORPORATION, AND COUNTY**

1 **BOARD EMPLOYEES WHO:**

2 **(I) ARE ELIGIBLE TO ENROLL AND PARTICIPATE IN THE**  
3 **PROGRAM WITH SUBSIDIES;**

4 **(II) ARE ELIGIBLE TO ENROLL AND PARTICIPATE IN THE**  
5 **PROGRAM WITHOUT SUBSIDIES; AND**

6 **(III) ARE NOT ELIGIBLE TO ENROLL OR PARTICIPATE IN THE**  
7 **PROGRAM.**

8 2-507.

9 (a) Subject to the regulations adopted under § 2-503 of this subtitle, a State,  
10 **COUNTY GOVERNMENT, MUNICIPAL CORPORATION, OR COUNTY BOARD** employee  
11 may enroll and participate in any of the health insurance or other benefit options  
12 established under the Program.

13 2-512.

14 (a) In this section, “qualifying nonprofit organization” means an organization  
15 that:

16 (1) [(i) receives State funds from the Maryland Department of Health  
17 that cover more than one-third of the organization’s operating expenses; and

18 (ii)] is:

19 [1.] (I) described in § 501(c)(3) of the Internal Revenue  
20 Code; and

21 [2.] (II) exempt from income tax under § 501(a) of the  
22 Internal Revenue Code;

23 (2) is the Legal Aid Bureau, Inc.;

24 (3) is a corporation, a limited liability company, or any other entity that is  
25 wholly owned by the Legal Aid Bureau, Inc.; or

26 (4) is the Maryland Crime Victims’ Resource Center.

27 2-513.

28 (a) An employee of a county [or], municipal corporation, **OR COUNTY BOARD**  
29 may enroll and participate in the health insurance benefit options established under the

1 Program [with the approval of the governing body of the county or municipal corporation].

2 (b) The governing body of the county [or], municipal corporation, **OR COUNTY**  
3 **BOARD** shall:

4 (1) pay to the State the total costs resulting from the participation of its  
5 employees in the Program; and

6 (2) determine the extent to which the county or municipal corporation will  
7 subsidize participation by its employees in the Program.

8 SECTION 2. AND BE IT FURTHER ENACTED, That:

9 (a) There is a Task Force to Study Cooperative Purchasing for Health Insurance.

10 (b) The Task Force consists of the following members:

11 (1) two members of the Senate of Maryland, appointed by the President of  
12 the Senate;

13 (2) two members of the House of Delegates, appointed by the Speaker of  
14 the House;

15 (3) the Secretary of Budget and Management, or the Secretary's designee;

16 (4) the Maryland Insurance Commissioner, or the Commissioner's  
17 designee;

18 (5) the Procurement Advisor; and

19 (6) the following members, appointed by the Governor:

20 (i) one representative of the Maryland Association of Counties;

21 (ii) one representative of the Maryland Municipal League;

22 (iii) one representative of the Maryland Association of Boards of  
23 Education;

24 (iv) one representative of the Maryland Public Purchasing  
25 Association;

26 (v) one representative of the American Federation for State, County,  
27 and Municipal Employees;

28 (vi) one representative of the Maryland State Education Association;  
29 and

1 (vii) one representative of Maryland Nonprofits.

2 (c) The Procurement Advisor shall be the chair of the Task Force.

3 (d) The Department of Budget and Management and the Maryland Insurance  
4 Administration shall provide staff for the Task Force.

5 (e) A member of the Task Force:

6 (1) may not receive compensation as a member of the Task Force; but

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

9 (f) In order to pool public employee health care purchasing by transitioning  
10 counties, municipal corporations, and county boards to the State health plan while  
11 maintaining a broad package of benefits and reasonable premiums, the Task Force shall:

12 (1) study models of cooperative purchasing of health insurance;

13 (2) recommend the health insurance benefit options that should be offered  
14 to:

15 (i) nonprofit organizations that qualify and elect to participate in  
16 the State health plan;

17 (ii) county, municipal corporation, and county board employees;

18 (iii) a surviving spouse, child, or dependent parent of a county,  
19 municipal corporation, or county board employee who died while employed by the State;  
20 and

21 (iv) a retired county, municipal corporation, or county board  
22 employee;

23 (3) recommend ways to:

24 (i) minimize and combine administrative costs; and

25 (ii) transition counties, municipal corporation, and county boards to  
26 the State plan without adversely affecting the health benefits of any employee;

27 (4) recommend whether the State should limit the number of nonprofit  
28 organizations that may participate in the State health plan; and

29 (5) make any other recommendations to control health costs and offer a  
30 variety of health benefit plan choices.

1 (g) On or before January 1, 2020, the Task Force shall report its findings and  
2 recommendations to the Governor and, in accordance with § 2-1246 of the State  
3 Government Article, the General Assembly.

4 SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation  
5 or contract right may not be impaired in any way by this Act.

6 SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the General  
7 Assembly that if transitioning to the State Employee and Retiree Health and Welfare  
8 Benefits Program in accordance with Section 1 of this Act reduces costs for:

9 (1) a county, the county shall spend an amount equal to the difference in  
10 cost on substance use and other public health services; and

11 (2) a county board, the county board shall spend an amount equal to the  
12 difference in cost on career technical education programs.

13 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 October 1, 2018. Section 2 of this Act shall remain effective for a period of 3 years and, at  
15 the end of September 30, 2021, Section 2 of this Act, with no further action required by the  
16 General Assembly, shall be abrogated and of no further force and effect.