
By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 31, 2001

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 28, 2001

CHAPTER _____

1 AN ACT concerning

2 **Task Force to Study the State's Retiree Health Insurance Liabilities**

3 FOR the purpose of establishing a Task Force to Study the State's Retiree Health
4 Insurance Liabilities; providing for the membership, chairman, duties, and
5 staffing of the Task Force; requiring the Task Force to report to the Governor
6 and the General Assembly on its findings; and generally relating to the
7 establishment of a Task Force to Study the State's Retiree Health Insurance
8 Liabilities.

9 **Preamble**

10 WHEREAS, Maryland, like the majority of states around the country, partially
11 subsidizes the health insurance premiums for retired State employees, and currently
12 funds this subsidy on a "pay-as-you-go" basis; and

13 WHEREAS, This subsidy will grow dramatically in the future due to the
14 growing number of State retirees and the escalation in health care costs; and

15 WHEREAS, The unfunded liabilities associated with this subsidy are informally
16 estimated at \$3 billion; and

17 WHEREAS, To address these growing costs a growing minority of states have
18 begun to prefund these liabilities; and

19 WHEREAS, Maryland currently has a fully funded pension system; and

20 WHEREAS, It is important that plans be made to ensure adequate funding for
21 the State's subsidy of retiree health insurance; now, therefore,

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, That

3 (a) There is a Task Force to Study the State's Retiree Health Insurance
4 Liabilities.

5 (b) The Task Force shall consist of the following members:

6 (1) three members from the House of Delegates, appointed by the
7 Speaker of the House;

8 (2) three members from the Senate, appointed by the President of the
9 Senate; and

10 (3) the Secretary of Budget and Management, or the Secretary's
11 designee.

12 (c) The President of the Senate and the Speaker of the House of Delegates
13 shall jointly designate the Chairman of the Task Force.

14 (d) The Task Force shall:

15 (1) review the report prepared by the Department of Legislative
16 Services, included in the Joint Committee on Pensions Report of the 2000 Interim,
17 which included a survey of the various approaches other states have taken with
18 regard to the issue of retiree health care;

19 (2) review different approaches which address the issue of retiree health
20 care for the State and that would meet the State's needs and fiscal resources; and

21 (3) commission an actuarial valuation of the liabilities associated with
22 the retiree health insurance subsidy, with the costs of the valuation to be borne by the
23 State Retirement and Pension System; and

24 (4) develop options and a recommendation to address this issue by the
25 start of the General Assembly's 2002 session, and evaluate the costs associated with
26 each option.

27 (e) The Task Force shall be staffed by personnel from the Department of
28 Legislative Services, and notice of each meeting of the Task Force shall be made
29 public by delivering a copy of the meeting notice to the Legislative Information
30 Officer, Room B-6, Department of Legislative Services, Legislative Services Building,
31 90 State Circle, Annapolis, Maryland 21401-1991, at least 10 days before any
32 scheduled meeting of the Task Force.

33 (f) The Task Force shall issue a final report of its findings and
34 recommendations to the Governor and, subject to § 2-1246 of the State Government
35 Article, to the General Assembly by January 8, 2002.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2001.