

HOUSE BILL 164

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SB 329/01 - B&T

2002 Regular Session  
2lr1033

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By: **Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 16, 2002

Assigned to: Appropriations

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A BILL ENTITLED

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,

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That:

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

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

1           (1)       three members from the House of Delegates, appointed by the  
2 Speaker of the House; and

3           (2)       three members from the Senate, appointed by the President of the  
4 Senate.

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

7       (d)       The Task Force shall:

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

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

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

17          (4)       develop options and a recommendation to address this issue by the  
18 start of the General Assembly's 2003 session, and evaluate the costs associated with  
19 each option.

20       (e)       The Task Force shall be staffed by personnel from the Department of  
21 Legislative Services, and notice of each meeting of the Task Force shall be made  
22 public by delivering a copy of the meeting notice to the Legislative Information  
23 Officer, Room B-6, Department of Legislative Services, Legislative Services Building,  
24 90 State Circle, Annapolis, Maryland 21401-1991, at least 10 days before any  
25 scheduled meeting of the Task Force.

26       (f)       The Task Force shall issue a final report of its findings and  
27 recommendations to the Governor and, subject to § 2-1246 of the State Government  
28 Article, to the General Assembly by January 7, 2003.

29       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 July 1, 2002.