

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 551
Appropriations

(Delegates Edwards and Kelly)

**State Employee and Retiree Health and Welfare Benefits Program - Eligibility
for Participation - Employees of County Boards of Education**

This bill permits an employee of a county board of education to enroll in the State Employee Health Benefits Plan. A participating board must pay the State all costs resulting from the participation of its employees in the State plan and determine the extent to which the board will subsidize employee premiums.

Fiscal Summary

State Effect: Minimal. To the extent boards of education choose to participate in the State Employee Health Benefits Plan, State plan expenditures and revenues could each increase, beginning FY 2003.

Local Effect: To the extent a board of education chooses to participate in the State plan at lower premium rates, local jurisdiction expenditures could decrease.

Small Business Effect: None.

Analysis

Current Law: Individuals eligible to enroll in the State Employee Health Benefits Plan include: (1) State employees; (2) elected officials; (3) registers of wills and their employees; (4) clerks of the court and their employees; (5) board or commission members; (6) employees of political subdivisions that have chosen to participate in the State plan; (7) employees of agencies, commissions, or organizations permitted by law; (8) State retirees; and (9) enrollees' eligible dependents. Employees of non-State

organizations and entities that participate in the State plan do not receive State subsidies and must pay any administrative costs associated with enrollment.

State Fiscal Effect: State Employee Health Benefits Plan expenditures and revenues would increase if county boards of education chose to participate in the State plan. There are 24 boards of education, which employ a total of 100,529 school staff. The number of school employees varies between 354 and 17,300, depending on the board. County boards with few employees could find it advantageous to participate in the State plan because State rates may be lower. It is unknown how many boards may choose to participate in the State plan.

Currently, the State plan has 1,500 satellite account members. Satellite account members are not part of the State's Central Payroll Bureau system, and therefore must be enrolled, billed, and tracked manually. To the extent that boards choose to participate, State plan administrative expenditures could increase. State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions. However, participating county boards are required to pay the State plan a 2% administrative fee on premiums of participating employees. To the extent boards choose to participate, State plan reimbursable funds would increase, beginning fiscal 2003.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Association of Boards of Education, Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

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Analysis by: Susan D. John

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510