

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 844

(Senator McFadden)

Finance

Appropriations

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**State Employee and Retiree Health and Welfare Benefits Program - Employees of  
Legal Aid Bureau, Inc.**

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This bill permits the Legal Aid Bureau, Inc. to participate in the State Employee Health Benefits Plan as a satellite organization.

The bill terminates September 30, 2004.

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**Fiscal Summary**

**State Effect:** State Employee Health Benefits Plan revenues could increase beginning FY 2003.

**Local Effect:** None.

**Small Business Effect:** Minimal. The Legal Aid Bureau could participate in the State Employee Health Benefits Plan and realize an overall cost reduction for employee health benefits.

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**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 of 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) enrollee's 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.

A qualifying not-for-profit organization that receives State funds from DHMH that cover more than one-third of the organization's operating expenses may participate in the State Employee Health Benefits Plan. The organization must pay to the State plan a premium in the amount determined by the Department of Budget and Management (DBM), and any costs, as determined by DBM, for the administration of the program.

**State Effect:** State Employee Health Benefits Plan reimbursable revenues could increase if the Legal Aid Bureau chooses to participate in the State plan.

Currently, the State plan has 35 satellite accounts with 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. Satellite organizations are required to pay the State plan a 2% administrative fee on premiums of participating employees. The Legal Aid Bureau has approximately 250 employees. To the extent that Legal Aid Bureau employees choose to participate, State plan reimbursable funds would increase, beginning fiscal 2003. Future year increases would reflect the bill's September 30, 2004 termination date.

Administrative costs associated with processing Legal Aid Bureau employees as a satellite account could be handled with existing State Employee Health Benefits Plan resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Department of Health and Mental Hygiene (Developmental Disabilities Administration, Alcohol and Drug Abuse Administration), Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

**Fiscal Note History:** First Reader - March 20, 2002  
mld/jr Revised - Senate Third Reader - April 4, 2002  
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