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By: **Delegates Rosenberg, Benson, Branch, Burns, C. Davis, DeBoy, Doory,  
Harrison, Howard, Jones, Madaleno, Marriott, Minnick,  
Nathan-Pulliam, Oaks, Paige, and F. Turner**

Introduced and read first time: February 12, 2004

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **State Employee and Retiree Health and Welfare Benefits Program -**  
3 **Modifications - Legislative Approval**

4 FOR the purpose of prohibiting the Department of Budget and Management from  
5 modifying the State Employee and Retiree Health and Welfare Benefits  
6 Program as a result of the federal Prescription Drug, Improvement, and  
7 Modernization Act of 2003 without legislative approval; and generally relating  
8 to requiring legislative approval for modifications to the State Employee and  
9 Retiree Health and Welfare Benefits Program.

10 BY repealing and reenacting, without amendments,  
11 Article - State Personnel and Pensions  
12 Section 2-501, 2-502, and 2-503(a), (b), and (c)  
13 Annotated Code of Maryland  
14 (1997 Replacement Volume and 2003 Supplement)

15 BY adding to  
16 Article - State Personnel and Pensions  
17 Section 2-504.1  
18 Annotated Code of Maryland  
19 (1997 Replacement Volume and 2003 Supplement)

20 Preamble

21 WHEREAS, There are approximately 30,500 Medicare-eligible retirees and  
22 dependents enrolled in the State Employee and Retiree Health and Welfare Benefits  
23 Program; and

24 WHEREAS, The prescription drug benefit offered by the State Employee and  
25 Retiree Health and Welfare Benefits Program covers the cost of most approved  
26 prescription drugs subject to nominal copayments of \$3 for generic drugs, \$5 for brand

1 name drugs on the State's formulary, and \$10 for brand name drugs that are not on  
2 the State's formulary; and

3 WHEREAS, The federal Medicare Prescription Drug, Improvement, and  
4 Modernization Act of 2003 provides for a prescription drug benefit package that will  
5 require enrollees to pay an estimated \$35-a-month premium and a \$250 annual  
6 deductible; and

7 WHEREAS, Many of the current enrollees in the State Employee and Retiree  
8 Health and Welfare Benefits Program will be subject to increased cost sharing if the  
9 State's prescription drug benefit design is restructured in a similar manner as the  
10 federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003;  
11 now, therefore,

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

14 **Article - State Personnel and Pensions**

15 2-501.

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

17 (b) "Program" means the State Employee and Retiree Health and Welfare  
18 Benefits Program.

19 (c) "Satellite organization" means any organization or entity whose employees  
20 are eligible to participate in the State Employee and Retiree Health and Welfare  
21 Benefits Program as a separate account.

22 2-502.

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

25 (b) (1) The Program:

26 (i) subject to the regulations adopted under § 2-503 of this subtitle,  
27 shall encompass all units in the Executive, Judicial, and Legislative Branches of  
28 State government, including any unit with an independent personnel system;

29 (ii) shall include the health insurance benefit options established  
30 by the Secretary; and

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

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

1 2-503.

2 (a) The Secretary shall:

3 (1) adopt regulations for the administration of the Program;

4 (2) ensure that the Program complies with all federal and State laws  
5 governing employee benefit plans; and

6 (3) each year, recommend to the Governor the State share of the costs of  
7 the Program.

8 (b) The Secretary may arrange as the Secretary considers appropriate any  
9 benefit option for inclusion in the Program.

10 (c) The Secretary shall specify by regulation the types or categories of State  
11 employees who:

12 (1) are eligible to enroll and participate in the Program with State  
13 subsidies;

14 (2) are eligible to enroll and participate in the Program without State  
15 subsidies; and

16 (3) are not eligible to enroll or participate in the Program.

17 2-504.1.

18 THE DEPARTMENT MAY NOT MAKE ANY MODIFICATIONS TO THE PROGRAM AS A  
19 RESULT OF THE FEDERAL PRESCRIPTION DRUG, IMPROVEMENT, AND  
20 MODERNIZATION ACT OF 2003 WITHOUT THE APPROVAL OF THE GENERAL ASSEMBLY.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2004.