

## HOUSE BILL 1095

Unofficial Copy  
K4

2004 Regular Session  
4lr2245  
CF 4lr2682

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By: **Delegates Busch and James**  
Introduced and read first time: February 13, 2004  
Assigned to: Appropriations

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### A BILL ENTITLED

1 AN ACT concerning

2 **State Employees - State Retiree Health Care Protection Act**

3 FOR the purpose of creating a Postretirement Health Funding System to assist in  
4 funding the postretirement health insurance subsidy for State employees;  
5 providing a certain method for funding the Postretirement Health Funding  
6 System; providing that the funds of the Postretirement Health Funding System  
7 be invested in a certain manner; providing a certain method for the  
8 disbursement of funds from the Postretirement Health Funding System;  
9 providing for the transfer of funds from the Postretirement Health Funding  
10 System to the General Fund under certain circumstances; and generally  
11 relating to the creation of the Postretirement Health Funding System.

12 BY repealing and reenacting, with amendments,  
13 Article - State Personnel and Pensions  
14 Section 21-102  
15 Annotated Code of Maryland  
16 (1997 Replacement Volume and 2003 Supplement)

17 BY adding to  
18 Article - State Personnel and Pensions  
19 Section 33-101 to be under the new title "Title 33. Postretirement Health  
20 Funding System"  
21 Annotated Code of Maryland  
22 (1997 Replacement Volume and 2003 Supplement)

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

## 1 Article - State Personnel and Pensions

2 21-102.

3 The State Retirement and Pension System consists of:

4 (1) the Correctional Officers' Retirement System, established on July 1,  
5 1974;

6 (2) the Employees' Pension System, established on January 1, 1980;

7 (3) the Employees' Retirement System, established on October 1, 1941;

8 (4) the Judges' Retirement System, which consists of:

9 (i) the contributory plan, established on July 1, 1969; and

10 (ii) the noncontributory plan, established on April 7, 1904;

11 (5) the Legislative Pension Plan;

12 (6) the Local Fire and Police System, established on July 1, 1989;

13 (7) the Law Enforcement Officers' Pension System, established on July  
14 2, 1990;

15 (8) the State Police Retirement System, established on July 1, 1949;

16 (9) the Teachers' Pension System, established on January 1, 1980;

17 (10) the Teachers' Retirement System, established on August 1, 1927;

18 [and]

19 (11) THE POSTRETIREMENT HEALTH FUNDING SYSTEM, ESTABLISHED  
20 ON JULY 1, 2004; AND21 [(11)] (12) any other system or subsystem that the Board of Trustees  
22 administers.

## 23 TITLE 33. POSTRETIREMENT HEALTH FUNDING SYSTEM.

24 33-101.

25 (A) THERE IS A POSTRETIREMENT HEALTH FUNDING SYSTEM.

26 (B) THE SYSTEM SHALL BE ESTABLISHED IN ACCORDANCE WITH § 401(H) OF  
27 THE INTERNAL REVENUE CODE.28 (C) THE PURPOSE OF THE POSTRETIREMENT HEALTH FUNDING SYSTEM IS TO  
29 ASSIST THE STATE IN FINANCING THE POSTRETIREMENT HEALTH INSURANCE  
30 SUBSIDY, AS SPECIFIED IN § 2-508 OF THIS ARTICLE.

1 (D) BEGINNING IN FISCAL YEAR 2006, ANY SUBSIDY RECEIVED BY THE STATE  
2 THAT IS PROVIDED TO EMPLOYERS AS A RESULT OF THE FEDERAL MEDICARE  
3 PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003, SHALL BE  
4 DEPOSITED INTO THE ACCUMULATION FUND OF THE POSTRETIREMENT HEALTH  
5 FUNDING SYSTEM.

6 (E) THE ASSETS OF THE POSTRETIREMENT HEALTH FUNDING SYSTEM SHALL  
7 BE INVESTED IN THE SAME MANNER AS THOSE OF THE OTHER SYSTEMS OF THE  
8 STATE RETIREMENT AND PENSION SYSTEM.

9 (F) FOR FISCAL YEAR 2006 THROUGH FISCAL YEAR 2016, NO PAYMENTS MAY  
10 BE MADE FROM THE ACCUMULATION FUND OF THE POSTRETIREMENT HEALTH  
11 FUNDING SYSTEM.

12 (G) FOR FISCAL YEAR 2016 AND EACH FISCAL YEAR THEREAFTER, THE STATE  
13 RETIREMENT AND PENSION SYSTEM SHALL TRANSFER TO THE GENERAL FUND, FOR  
14 THE SOLE PURPOSE OF ASSISTING IN THE PAYMENT OF THE STATE'S  
15 POSTRETIREMENT HEALTH INSURANCE SUBSIDY, THE LESSER OF:

16 (1) ONE-QUARTER OF THE PRIOR YEAR'S INVESTMENT GAINS OF THE  
17 POSTRETIREMENT HEALTH FUNDING SYSTEM; OR

18 (2) THE AMOUNT NECESSARY TO PAY THE ANNUAL HEALTH INSURANCE  
19 PREMIUMS AND OTHER COSTS THAT CONSTITUTE THE STATE'S POSTRETIREMENT  
20 HEALTH INSURANCE SUBSIDY SPECIFIED IN § 2-508 OF THIS ARTICLE.

21 (H) IF FOR ANY REASON THE STATE DISCONTINUES THE POSTRETIREMENT  
22 HEALTH INSURANCE SUBSIDY SPECIFIED IN § 2-508 OF THIS ARTICLE OR A  
23 SUCCESSOR SUBSIDY, THE ASSETS OF THE POSTRETIREMENT HEALTH FUNDING  
24 SYSTEM SHALL BE TRANSFERRED TO THE GENERAL FUND.

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