Unofficial Copy P4 HB 468/03 - APP 2004 Regular Session 4lr3029

By: Delegate McConkey

Introduced and read first time: February 25, 2004 Assigned to: Rules and Executive Nominations

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### A BILL ENTITLED

1	A TAT		•
	$\Delta N$	$\Delta$ ( )	concerning
	7 11 4	1101	concerning

- State Personnel State Subsidy for Health Benefits Optional Retirement
  Program
- 4 FOR the purpose of requiring that the State subsidy for health benefits under the
- 5 State Employee and Retiree Health and Welfare Benefits Program shall apply to
- any additional costs of coverage for the spouse and dependent children of certain
- 7 retirees who retired under a certain optional retirement program; and generally
- 8 relating to eligibility for payment of the State subsidy for health benefits under
- 9 the State Employee and Retiree Health and Welfare Benefits Program.
- 10 BY repealing and reenacting, without amendments,
- 11 Article State Personnel and Pensions
- 12 Section 2-508
- 13 Annotated Code of Maryland
- 14 (1997 Replacement Volume and 2003 Supplement)
- 15 BY repealing and reenacting, with amendments,
- 16 Article State Personnel and Pensions
- 17 Section 2-509
- 18 Annotated Code of Maryland
- 19 (1997 Replacement Volume and 2003 Supplement)
- 20 Preamble
- 21 WHEREAS, As a result of legislation enacted in 1975, certain faculty and staff of
- 22 State institutions of higher education were given the option of choosing between the
- 23 Maryland Teachers' Retirement System (TRS) and an optional program with the
- 24 Teachers Insurance and Annuity Association-College Retirement Equities Fund
- 25 (TIAA-CREF); and
- 26 WHEREAS, The information provided to faculty and staff about the two
- 27 retirement programs did not disclose that choosing TIAA-CREF could adversely
- 28 affect a retiree's health insurance benefits; and

3	WHEREAS, Individuals retiring under TIAA-CREF found that health insurance subsidies for their spouses and dependent children, which are covered under the TRS retirement program, are not paid for by the State under TIAA-CREF; and								
	WHEREAS, Retirees under TIAA-CREF chose this retirement program without having sufficient information on which to make an informed decision, and have suffered financial hardship as a result; now, therefore,								
8 9	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:								
10				Article - State Personnel and Pensions					
11	2-508.								
12	(a) (1	.) ]	In this se	ction the following words have the meanings indicated.					
13	(2	2)	"Credital	le service" means:					
14 15	II of this article		(i)	service credited toward a retirement allowance under Divis	ion				
16 17	Title 27 of this			service while a member of the Judges' Retirement System to	ınder				
20	Relations Divi	sion of t 2002 int	the Anne to the Sta	service while an employee was employed by the Domestic Arundel County Circuit Court, prior to transfer on or te Personnel Management System, in accordance with					
22	(3	3)	(i)	'Retiree" means:					
23 24	allowance und	er Divis		1. a former State employee who receives a retiremen this article;	t				
27 28	allowance from	n the Er	§ 13-40 nployees	2. a former employee of the Medical System Corporal of the Education Article, who receives a retirement Retirement System of the State of Maryland or the the State of Maryland under Title 22 or Title 23 of this	ation, as				
			eceives a	3. a former employee of the Maryland Transit Maryland Transit Administration retirement Transportation Article.					
33		(	(ii)	'Retiree" does not include:					
34				1. a member of the faculty or staff of a community co	ollege;				

1 2	education; or		2.	a teacher or a staff member employed by a county board of
3 4	under Title 30 of this	article.	3.	an individual who retired under an optional program
5	(4)	"State se	ervice" m	eans service with the State by:
6 7	System or the Employ	(i) vees' Pens		oyee while a member of the Employees' Retirement em under Title 22 or Title 23 of this article;
8 9	this article;	(ii)	a memb	er of the Judges' Retirement System under Title 27 of
10 11	or Teachers' Pension	(iii) System u		r while a member of the Teachers' Retirement System e 22 or Title 23 of this article;
12 13	Officers' Retirement	(iv) System u		tional officer, while a member of the Correctional e 25 of this article;
16		f the Stat	cation A	oyee of the Medical System Corporation, as defined in § rticle, while a member of the Employees' yland or the Employees' Pension System of the le 23 of this article;
18 19	Retirement System u	(vi) nder Title	a State I 24 of th	Police officer while a member of the State Police is article;
20 21	Enforcement Officers	(vii) s' Pensior		forcement officer while a member of the Law under Title 26 of this article; or
22 23	Administration Plan	(viii) under § 7		oyee while a member of the Maryland Transit he Transportation Article.
24 25	(b) (1) options established u			oll and participate in the health insurance benefit if the retiree:
	and within 5 years be would begin;	(i) fore the a		tate service with at least 10 years of creditable service ich a vested retirement allowance normally
29		(ii)	ended S	tate service with at least 16 years of creditable service;
30		(iii)	ended S	tate service on or before June 30, 1984;
31 32	allowance on or after	(iv) July 1, 1		lirectly from State service with a State retirement had at least 5 years of creditable service; or
33 34	retirement allowance	(v) on or aft		lirectly from State service with a State disability 1984.

3	(2) (i) The surviving spouse or dependent child of a deceased retiree who was eligible to enroll may enroll and participate in the health insurance benefit options established under the Program as long as the spouse or child is receiving an allowance under Division II of this article.
	(ii) Subparagraph (i) of this paragraph does not apply to a deceased retiree's spouse or dependent child who receives an Option 1, Option 4, or Option 7 benefit under Division II of this article.
	(c) (1) If a retiree receives a State disability retirement allowance or has 16 or more years of creditable service, the retiree or the retiree's surviving spouse or dependent child is entitled to the same State subsidy allowed a State employee.
13	(2) In all other cases, if a retiree has at least 5 years of creditable service, the retiree or the retiree's surviving spouse or dependent child is entitled to 1/16 of the State subsidy allowed a State employee for each year of the retiree's creditable service up to 16 years.
17 18 19	(3) Notwithstanding paragraph (2) of this subsection and subsection (a)(4)(i) of this section, if a retiree is an additional employee or agent of the State Racing Commission, for the purposes of determining a retiree's State subsidy, creditable service shall be determined with respect to service as an additional employee or agent beginning from the initial date of employment or January 1, 1986, whichever is later.
21	2-509.
24	(a) (1) Subject to paragraph (2) of this subsection, an individual may enroll and participate in the health insurance benefit options established under the Program if the individual retired under an optional program under Title 30 of this article and:
26 27	(i) ended service with a State institution of higher education with at least 10 years of service and was at least age 57;
28 29	(ii) ended service with a State institution of higher education with at least 16 years of service; or
	(iii) retired directly from and had at least 5 years of service with a State institution of higher education with a periodic distribution of benefits on or after July 1, 1984.
33 34	(2) (i) For purposes of this subsection only, years of service shall be calculated as follows:
37 38	1. except as provided in subparagraph (ii) of this paragraph, a year of service means a period of 12 months during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program; or

- 1 2. if an employee's work year is an academic year of at least 2 9 but less than 12 months, a year of service means a period equal to the academic year 3 during which an employee was a participant in an optional retirement program under 4 Title 30 of this article and the participant's employer made contributions to the 5 participant's account in the Program. 6 To determine eligibility for health insurance benefits under this 7 section, each year of service shall be multiplied by the participant's percentage of 8 full-time employment for that year of service. The surviving spouse or dependent child of a deceased individual who 10 was eligible to enroll may enroll and participate in the health insurance benefit 11 options established under the Program as long as the spouse or child is receiving a 12 periodic distribution of benefits under an optional retirement program under Title 30 13 of this article. 14 (b) An enrollee under this section who was in service with a State 15 institution of higher education at the time of the retirement is entitled to the same
- 16 State subsidy allowed a retiree under § 2-508 of this subtitle. However, except as
- provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this subsection, the subsidy
- 18 shall apply only to the costs of coverage for the enrollee and may not apply to any
- 19 additional costs of coverage for the enrollee's spouse or children.
- If the enrollee has 25 or more years of service as an employee of the 20
- 21 State in the Executive, Legislative, or Judicial Branch of government, the enrollee or
- 22 the enrollee's surviving spouse or dependent child is entitled to the same State
- 23 subsidy allowed a retiree with 16 or more years of creditable service under §
- 24 2-508(c)(1) of this subtitle.
- IF THE ENROLLEE ELECTED TO PARTICIPATE IN AN OPTIONAL 25 (3)
- 26 PROGRAM UNDER TITLE 30 OF THIS ARTICLE BEFORE JANUARY 1, 1985, AND RETIRED
- 27 BEFORE JANUARY 1, 2004, THE STATE SUBSIDY SHALL APPLY TO THE COSTS OF
- 28 COVERAGE FOR THE ENROLLEE AND ANY ADDITIONAL COSTS OF COVERAGE FOR
- 29 THE ENROLLEE'S SPOUSE AND DEPENDENT CHILDREN.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 31 July 1, 2004.