

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 63

(Chairman, Budget and Taxation Committee)  
(By Request – Departmental – Transportation)

Budget and Taxation

Appropriations

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**Personnel and Pensions - Dependents of Maryland Transit Administration  
Retirees - Health Benefits**

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This departmental bill permits a surviving spouse or dependent child of a Maryland Transit Administration (MTA) retiree to participate in the State Employees and Retirees Health and Welfare Benefits Plan (State plan) after the retiree's death.

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**Fiscal Summary**

**State Effect:** None. The bill codifies existing practice/procedure.

**Local Effect:** None.

**Small Business Effect:** The Maryland Department of Transportation has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Bill Summary:** A surviving spouse or dependent child of a deceased MTA retiree who was eligible to enroll in the State plan may enroll and participate in the plan as long as the spouse or child is receiving a periodic allowance under the MTA retirement plan. A retiree's spouse or dependent child who receives a lump-sum payment of benefits under the MTA retirement plan is not eligible to enroll in the State plan.

**Current Law:** A deceased State retiree's surviving spouse or dependent child is eligible to participate in the State plan as long as the spouse or child is receiving an allowance

from the State Employees' Retirement System or the Employee's Pension System. The surviving spouse or dependent child of a deceased MTA retiree who receives an allowance from the MTA retirement plan is not eligible to enroll in the State plan.

**Background:** Chapter 62 of 2003 (SB 100) authorized MTA retirees to participate in the State health benefits plan. Prior to 2003, MTA employees who were union members were entitled to their choice of health coverage either through the MTA's health plan for union members or through the State plan. In 2002, the Department of Budget and Management determined that upon retirement, former MTA employees who had chosen the State plan were ineligible to remain enrolled, although DBM did not immediately remove them from enrollment. Chapter 62 of 2003 permitted MTA retirees who chose to enroll in the State plan when employed with MTA the opportunity to remain enrolled after retirement. Chapter 62 did not specifically address the eligibility of a deceased retiree's surviving spouses or dependent children.

**State Fiscal Effect:** The bill currently affects the health benefits to two current surviving spouses and potentially the dependents of 42 MTA retirees. Because these retirees and beneficiaries remain enrolled, the bill has no immediate fiscal impact. There are currently two surviving spouses of MTA retirees enrolled in the State plan, for which MTA pays the required State health benefits subsidy. MTA's fiscal 2004 budget includes \$7,300 to pay retiree health benefit subsidies for the two enrollees. If DBM were to disenroll them, MTA expenditures would decrease accordingly. In addition, there are 203 current MTA managers who could elect the State plan and upon retirement receive spousal and dependent coverage under the bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Transportation (Maryland Transportation Authority), State Retirement Agency, Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 2004  
n/mdr

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