

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 305

(Senator Kasemeyer)

Budget and Taxation

Appropriations

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**Task Force to Study Retiree Health Care Funding Options**

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This bill establishes the Task Force to Study Retiree Health Care Funding Options. The Department of Legislative Services is required to provide staffing for the task force. The task force is required to report to the Governor and the General Assembly by December 31, 2005.

The bill terminates December 31, 2005.

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**Fiscal Summary**

**State Effect:** General fund expenditure increase of \$55,000 – \$60,000 for an actuarial valuation of retiree health liabilities. Revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The task force must commission an actuarial valuation of the liabilities associated with the State's retiree health insurance subsidy, develop options for addressing the unfunded liability associated with State retiree health care, and evaluate the costs associated with each option. The Department of Budget and Management (DBM) must pay for the valuation.

**Current Law:** New Governmental Accounting Standards Board (GASB) rules require public entities to include liabilities associated with post-employment health benefits on State financial statements.

**Background:** The Joint Committee on Pensions examined the issue of funding for retiree health care during the 2004 interim. A report was published which detailed the potential fiscal impact of the new GASB rules.

**State Fiscal Effect:** DBM general fund expenditures could increase by \$55,000 – \$60,000 in fiscal 2006 for the actuarial valuation required by the bill. All other provisions of the bill, including staffing, could be handled with existing resources. Revenues would not be affected.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Milliman USA, Maryland State Retirement Agency, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - February 8, 2005  
ncs/jr Revised - Senate Third Reader - March 23, 2005  
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Analysis by: Martin L. Levine

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510