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By: **Senator Harris**  
Introduced and read first time: February 2, 2006  
Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Optional Retirement Program - Health Insurance Benefits for Surviving**  
3                                   **Spouses and Dependent Children**

4 FOR the purpose of reducing the years of service that members of the Optional  
5 Retirement Program must obtain for their spouses or dependent children to be  
6 eligible for certain health insurance benefits; providing for the funding of  
7 certain health insurance benefits for certain spouses or dependent children;  
8 providing for the funding of the full salary and fringe benefits of certain State  
9 employees; and generally relating to health insurance benefits for surviving  
10 spouses or dependent children of members in the Optional Retirement Program.

11 BY repealing and reenacting, with amendments,  
12 Article - State Personnel and Pensions  
13 Section 2-509  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2005 Supplement)

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

18                                   **Article - State Personnel and Pensions**

19 2-509.

20 (a) (1) Subject to paragraph (2) of this subsection, an individual may enroll  
21 and participate in the health insurance benefit options established under the  
22 Program if the individual retired under an optional program under Title 30 of this  
23 article and:

24                                   (i) ended service with a State institution of higher education with  
25 at least 10 years of service and was at least age 57;

26                                   (ii) ended service with a State institution of higher education with  
27 at least 16 years of service; or

1 (iii) retired directly from and had at least 5 years of service with a  
2 State institution of higher education with a periodic distribution of benefits on or  
3 after July 1, 1984.

4 (2) (i) For purposes of this subsection only, years of service shall be  
5 calculated as follows:

6 1. except as provided in subparagraph (ii) of this paragraph,  
7 a year of service means a period of 12 months during which an employee was a  
8 participant in an optional retirement program under Title 30 of this article and the  
9 participant's employer made contributions to the participant's account in the  
10 Program; or

11 2. if an employee's work year is an academic year of at least  
12 9 but less than 12 months, a year of service means a period equal to the academic year  
13 during which an employee was a participant in an optional retirement program under  
14 Title 30 of this article and the participant's employer made contributions to the  
15 participant's account in the Program.

16 (ii) To determine eligibility for health insurance benefits under this  
17 section, each year of service shall be multiplied by the participant's percentage of  
18 full-time employment for that year of service.

19 (3) The surviving spouse or dependent child of a deceased individual who  
20 was eligible to enroll may enroll and participate in the health insurance benefit  
21 options established under the Program as long as the spouse or child is receiving a  
22 periodic distribution of benefits under an optional retirement program under Title 30  
23 of this article.

24 (b) (1) An enrollee under this section who was in service with a State  
25 institution of higher education at the time of the retirement is entitled to the same  
26 State subsidy allowed a retiree under § 2-508 of this subtitle. [However, except as  
27 provided in paragraph (2) of this subsection, the subsidy shall apply only to the costs  
28 of coverage for the enrollee and may not apply to any additional costs of coverage for  
29 the enrollee's spouse or children.]

30 (2) (I) [If the enrollee has 25 or more years of service as an employee  
31 of the State in the Executive, Legislative, or Judicial Branch of government, the  
32 enrollee or the enrollee's surviving spouse or dependent child is entitled to the same  
33 State subsidy allowed a retiree with 16 or more years of creditable service under §  
34 2-508(c)(1) of this subtitle] THIS PARAGRAPH APPLIES ONLY TO AN ENROLLEE WHO:

35 1. HAS LESS THAN 16 YEARS OF SERVICE AS AN EMPLOYEE  
36 OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF  
37 GOVERNMENT;

38 2. RETIRES ON OR AFTER JULY 1, 2006;

39 3. AT THE TIME OF RETIREMENT IS EMPLOYED BY A STATE  
40 INSTITUTION OF HIGHER EDUCATION; AND

1                                   4.       HAS ELECTED TO ENROLL AND PARTICIPATE IN THE  
2 HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM.

3                                   (II)     THE SPOUSE OR DEPENDENT CHILD OF AN ENROLLEE UNDER  
4 SUBPARAGRAPH (I) OF THIS PARAGRAPH IS NOT ENTITLED TO ENROLL AND  
5 PARTICIPATE IN THE HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER  
6 THE PROGRAM.

7                                   (3)     (I)       THIS PARAGRAPH APPLIES ONLY TO AN ENROLLEE WHO:

8                                   1.       HAS AT LEAST 16 BUT LESS THAN 25 YEARS OF SERVICE AS  
9 AN EMPLOYEE OF THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL  
10 BRANCH OF GOVERNMENT;

11                                  2.       RETIRES ON OR AFTER JULY 1, 2006;

12                                  3.       AT THE TIME OF RETIREMENT IS EMPLOYED BY A STATE  
13 INSTITUTION OF HIGHER EDUCATION; AND

14                                  4.       HAS ELECTED TO ENROLL AND PARTICIPATE IN THE  
15 HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM.

16                                  (II)     THE SPOUSE OR DEPENDENT CHILD OF AN ENROLLEE UNDER  
17 SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY ENROLL AND PARTICIPATE IN THE  
18 HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM.

19                                  (III)    THE FUNDING BUDGETED FOR THE ENROLLEE'S FULL SALARY  
20 AND FRINGE BENEFITS AT THE TIME OF THE ENROLLEE'S RETIREMENT SHALL BE  
21 USED TO COVER:

22                                  1.       THE STATE'S SUBSIDY FOR THE COST OF PARTICIPATION  
23 FOR THE ENROLLEE'S SPOUSE OR DEPENDENT CHILD IN THE PROGRAM, UNTIL THE  
24 ENROLLEE'S YEARS OF SERVICE AS A STATE EMPLOYEE PLUS THE ENROLLEE'S  
25 YEARS OF RETIREMENT EQUAL 25; AND

26                                  2.       THE FULL SALARY AND FRINGE BENEFITS OF ANY  
27 EMPLOYEE HIRED TO REPLACE THE ENROLLEE AFTER THE ENROLLEE RETIRES.

28                                  (IV)     IF THE ENROLLEE'S YEARS OF SERVICE AS A STATE EMPLOYEE  
29 PLUS THE ENROLLEE'S YEARS OF RETIREMENT ARE EQUAL TO OR GREATER THAN 25,  
30 THE STATE SUBSIDY FOR THE ENROLLEE'S SPOUSE OR DEPENDENT CHILD SHALL BE  
31 FUNDED IN THE SAME MANNER AS THE STATE SUBSIDY FOR A RETIREE'S SPOUSE OR  
32 DEPENDENT CHILD UNDER § 2-508(C)(1) OF THIS SUBTITLE.

33                                  (4)     (I)       THIS PARAGRAPH APPLIES ONLY TO AN ENROLLEE WHO:

34                                  1.       HAS 25 OR MORE YEARS OF SERVICE AS AN EMPLOYEE OF  
35 THE STATE IN THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF  
36 GOVERNMENT;

1                                   2.       AT THE TIME OF RETIREMENT IS EMPLOYED BY A STATE  
2 INSTITUTION OF HIGHER EDUCATION; AND

3                                   3.       HAS ELECTED TO ENROLL AND PARTICIPATE IN THE  
4 HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM.

5                               (II)     THE SPOUSE OR DEPENDENT CHILD OF AN ENROLLEE UNDER  
6 SUBPARAGRAPH (I) OF THIS PARAGRAPH:

7                                   1.       MAY ENROLL AND PARTICIPATE IN THE HEALTH  
8 INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM; AND

9                                   2.       IS ENTITLED TO THE SAME STATE SUBSIDY ALLOWED A  
10 RETIREE WITH 16 OR MORE YEARS OF CREDITABLE SERVICE UNDER § 2-508(C)(1) OF  
11 THIS SUBTITLE.

12     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 July 1, 2006.