

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE

House Bill 189 (Delegate Rosenberg)  
Appropriations

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State Employee Health and Welfare Benefits Program - Judges' Retirement System - Eligibility - Surviving Spouse or Dependent Child

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This bill allows, under certain conditions, the surviving spouse or dependent children of a deceased member or retiree of the Judges' Retirement System (JRS) to enroll in and receive subsidized health coverage from the State Employee and Retiree Health and Welfare Benefits Program.

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Fiscal Summary

**State Effect:** To the extent that surviving spouses or dependent children enroll in the State health plan, or receive a State subsidy for which they would not otherwise qualify, State plan expenditures could increase. Any increase is expected to be minimal. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** In order to qualify for health coverage from the State, a surviving spouse or dependent child of a member of JRS must: (1) be receiving an allowance from the State Retirement and Pension System (SRPS); and (2) be entitled to one-sixteenth of the State subsidy for each year of the member's creditable service (*i.e.*, the member had at least one year of creditable service), up to 16 years.

A surviving spouse or dependent child of a retiree of JRS is automatically entitled to health coverage under the State's program and is also entitled to one-sixteenth of the State subsidy provided to State employees for each year of the retiree's creditable service, up to 16 years.

**Current Law/Background:** In general, surviving spouses of active members of SRPS are not entitled to health benefits from the State unless they receive a retirement allowance under any of the following circumstances:

- the deceased was a member of either the Law Enforcement Officers' Pension System (LEOPS), SPRS, or the Correctional Officers' Retirement System (CORS) and had at least two years of eligibility service; or
- the deceased was killed in the line of duty while a member of LEOPS, SPRS, or CORS; or
- the deceased was a member of CORS, the Employees' Retirement System, the Teachers' Retirement System, or the Local Fire and Police System; was eligible to retire or was at least 55 years old with at least 15 years of eligibility service; and had designated the spouse as the sole beneficiary; or
- the deceased was a member of the Employees Pension System', the Teachers' Pension System, or the Local Fire and Police System; was eligible to retire or had 25 years of eligibility service, or was at least 55 years old and had at least 15 years of eligibility service; and had designated the spouse as the sole beneficiary; or
- the deceased was a member of the optional retirement program and had designated the spouse as the sole beneficiary.

Surviving minor children of active State employees are not entitled to health benefits from the State unless the deceased was a State Police officer or member of CORS and the child or parent is receiving a survivor death benefit from SRPS.

Surviving spouses or dependent children of deceased retirees are eligible for health coverage from the State if they are receiving a regular survivor retirement allowance from the State. They are entitled to a State subsidy for those benefits equal to one-sixteenth of the subsidy for each year of the retiree's service (up to 16 years), only if the retiree had at least five years of creditable service.

A January 2005 supplement to the Judicial Compensation Commission's 2004 report on judicial compensation included a recommendation that surviving spouses and dependent children of deceased members and retirees of JRS be permitted to enroll in the State plan.

As of June 30, 2006, there were 296 active members and 330 retired members of JRS. Active members averaged 9.4 years of service.

**State Fiscal Effect:** To the extent that surviving spouses or dependent children of JRS members or retirees with fewer than five years of eligibility service enroll in the State plan, or that they qualify for a State subsidy that they would not have otherwise received, State plan expenditures could increase by a maximum of about \$8,000 annually per covered person. However, the Department of Legislative Services expects these increases to be minimal because the bill is not expected to affect many individuals. In the last five years, three active members of JRS have died, and one retiree died just nine days after retiring. Moreover, most active and retired JRS members have met the current five-year threshold for creditable service, so they would derive no further benefit from this bill.

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### **Additional Information**

**Prior Introductions:** SB 584 of 2006 was heard by the Senate Budget and Taxation Committee, but the committee took no further action. SB 253 of 2005 was also heard by the Senate Budget and Taxation Committee and received an unfavorable report. HB 397 of 2006 and HB 292 of 2005, identical bills, received an unfavorable report by the House Appropriations Committee.

**Cross File:** SB 45 (Senator Gladden) – Budget and Taxation.

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

**Fiscal Note History:** First Reader - January 30, 2007  
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