

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1294
Appropriations

(Delegates Krysiak and Jones)

Finance

State Employee and Retiree Health and Welfare Benefits Program - Baltimore
Metropolitan Council - Eligibility

This bill clarifies that employees and retirees of the Baltimore Metropolitan Council (BMC) who were employees of the Baltimore Regional Council of Governments on June 30, 1992, are eligible to participate in the State Employee and Retiree Health and Welfare Benefits Program. Retirees or a surviving spouse must be receiving an allowance under either the Employees' Retirement System or Employees' Pension System to be eligible for retiree coverage. BMC is responsible for paying the full cost of the employees' and retirees' participation in the program, subject to any employee cost-sharing it establishes.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. BMC has been a participating satellite organization, and its liability for other postemployment benefits (OPEB) has already been accounted for on State financial statements.

Local Effect: None. BMC is already a participating satellite organization.

Small Business Effect: None.

Analysis

Current Law: In general, only State employees and retirees may enroll and participate in the health insurance benefit options established under the State Employee and Retiree

Health and Welfare Benefits Program. Employees and retirees of the Maryland Environmental Service, the Northeast Maryland Waste Disposal Authority, and specified quasi-governmental organizations (including BMC) may participate in the State health insurance benefit program. In addition, employees (but not retirees) of the following organizations may participate as satellite organizations, subject to the approval of their employers:

- county and municipal governments;
- not-for-profit organizations that receive more than one-third of their operating expenses from the Department of Health and Mental Hygiene;
- Legal Aid Bureau;
- Tri-County Council for Southern Maryland;
- Tri-County Council for Western Maryland;
- Tri-County Council for the Lower Eastern Shore of Maryland; and
- Mid-Shore Regional Council.

In each case, the employers are responsible for paying the full premium amounts to the State, subject to any employee cost-sharing they establish.

The State subsidizes 80% of the health insurance premiums for all State employees.

Background: In 2005, the Governmental Accounting Standards Board (GASB) issued new standards that require state and local governments to account for liabilities associated with the employers' commitment to provide OPEBs such as health insurance for retirees. Under these standards, all public employers are required to account for OPEB liabilities on their financial statements. Under the new GASB rules, if Maryland carries large unfunded OPEB liabilities on its balance sheets, bond raters could downgrade the State's bond rating from its long-held AAA status. A lower bond rating could cost the State millions of dollars in interest payments on its general obligation bonds.

Additional Information

Prior Introductions: None.

Cross File: SB 1000 (Senator Robey) - Budget and Taxation.

Information Source(s): Baltimore City, Baltimore County, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2010
mpc/rhh

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