

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 823

(Delegate B. Barnes)(Chair, Joint Committee on
Pensions)

Appropriations

Budget and Taxation

State Retirement and Pension System - Small Procurements - Medical
Evaluations for Disability Retirement Benefits

This bill raises the threshold for small procurements, from \$25,000 to \$50,000, for expenses by the State Retirement Agency (SRA) related to independent medical evaluations (IMEs) by a physician and testimony by the physician at administrative hearings on behalf of the agency.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: The bill has no direct effect on governmental finances but may provide operational benefits for SRA, which will be able to use streamlined procurement methods to select physicians to conduct IMEs.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The maximum threshold for small procurements in State procurement law is \$25,000, except that it is \$50,000 for construction contracts awarded by the Department of General Services. In general, small procurements can use simplified administrative procedures but must be consistent with the basic intent of State procurement law.

Background: SRA regulations require that applicants for accidental or special (*i.e.*, line-of-duty) disability benefits undergo an IME by a physician selected by the agency. Applicants for ordinary (*i.e.*, non-line-of-duty) disability benefits may undergo an IME at the discretion of the Medical Board that reviews their application. In order to remain below the State's small procurement cap, the agency can pay each physician no more than \$25,000 per year. Exceeding the cap means the agency must follow more cumbersome procurement procedures that would delay the completion of the evaluations. The agency has found staying under that cap increasingly difficult as the number of IMEs and physician fees have both increased and applications have grown more complicated, necessitating more physician time testifying at administrative hearings. The State Retirement and Pension System Board of Trustees requested that the Joint Committee on Pensions (JCP) sponsor legislation to raise the small procurement cap related to IME expenses, and JCP agreed to sponsor the legislation.

Additional Information

Prior Introductions: None.

Cross File: SB 448 (Senator Guzzone)(Chair, Joint Committee on Pensions) - Budget and Taxation.

Information Source(s): Department of General Services; Board of Public Works; Office of Administrative Hearings; State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2017
md/rhh Third Reader - March 6, 2017

Analysis by: Michael C. Rubenstein

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