

# SENATE BILL 1016

P4, L6, L3

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CF HB 1131

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By: **Senator Rosapepe**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

Reassigned: Finance, February 7, 2018

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 16, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Employee and Retiree Health and Welfare Benefits Program – ~~Expansion~~**  
3 **~~of Participating Units~~ Employees of Qualifying Organizations**

4 FOR the purpose of ~~requiring that, on the termination of any health insurance benefit~~  
5 ~~option contracts that exist on a certain date, a county government, municipal~~  
6 ~~corporation, or county board must enroll and participate in the State Employee and~~  
7 ~~Retiree Health and Welfare Benefits Program; requiring the Program to encompass~~  
8 ~~all units in all county governments, municipal corporations, and county boards;~~  
9 ~~requiring the Secretary of Budget and Management to adopt certain regulations~~  
10 ~~specifying which employees are eligible to participate in the Program with certain~~  
11 ~~subsidies; specifying that, subject to certain regulations, an employee of a county~~  
12 ~~government, municipal corporation, or county board may participate in the Program;~~  
13 ~~altering the definition of “qualifying nonprofit organization” to authorize certain~~  
14 ~~nonprofit entities to qualify for participation in the State Employee and Retiree~~  
15 ~~Health and Welfare Benefits Program; providing that participation by certain~~  
16 organizations in the Program may not impede, undermine, or conflict with certain  
17 obligations or statuses; authorizing an employee of a county board to participate in  
18 the Program; establishing the Task Force to Study Cooperative Purchasing for  
19 Health Insurance; providing for the composition, chair, and staffing of the Task  
20 Force; prohibiting a member of the Task Force from receiving certain compensation,  
21 but authorizing the reimbursement of certain expenses; requiring the Task Force to  
22 study and make certain recommendations regarding cooperative purchasing of  
23 health insurance; requiring the Task Force to report its findings and  
24 recommendations to the Governor and the General Assembly on or before a certain

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 date; providing for the termination of certain provisions of this Act; ~~providing that~~  
 2 ~~existing obligations and contract rights may not be impaired by this Act; declaring~~  
 3 ~~the intent of the General Assembly;~~ defining a certain term; making conforming  
 4 changes; and generally relating to the State Employee and Retiree Health and  
 5 Welfare Benefits Program.

6 BY repealing and reenacting, with amendments,  
 7 Article – State Personnel and Pensions  
 8 Section ~~2–501, 2–502, 2–507(a), 2–512(a)~~ 2–512, and 2–513  
 9 Annotated Code of Maryland  
 10 (2015 Replacement Volume and 2017 Supplement)

11 BY repealing and reenacting, without amendments,  
 12 Article – State Personnel and Pensions  
 13 Section ~~2–502~~ and 2–503(d)(2)  
 14 Annotated Code of Maryland  
 15 (2015 Replacement Volume and 2017 Supplement)

16 ~~BY adding to~~  
 17 ~~Article – State Personnel and Pensions~~  
 18 ~~Section 2–503(d)(4)~~  
 19 ~~Annotated Code of Maryland~~  
 20 ~~(2015 Replacement Volume and 2017 Supplement)~~

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

### 23 Article – State Personnel and Pensions

24 2–501.

25 (a) In this subtitle the following terms have the meanings indicated.

26 (B) (1) “COUNTY BOARD” MEANS THE BOARD OF EDUCATION OF A  
 27 COUNTY.

28 (2) “COUNTY BOARD” INCLUDES THE BALTIMORE CITY BOARD OF  
 29 SCHOOL COMMISSIONERS.

30 [(b)] (C) “Program” means the State Employee and Retiree Health and Welfare  
 31 Benefits Program.

32 [(c)] (D) “Satellite organization” means any organization or entity whose  
 33 employees are eligible to participate in the State Employee and Retiree Health and Welfare  
 34 Benefits Program as a separate account.

1 [(d)] (E) “Wellness program” means a program that is designed to:

2 (1) promote health or prevent or detect disease or illness;

3 (2) improve clinical outcomes;

4 (3) prevent or reduce acute admissions and readmissions to health care  
5 facilities;

6 (4) improve treatment compliance for chronic conditions;

7 (5) promote healthy behaviors; or

8 (6) prevent or control injury.

9 2–502.

10 (a) There is a State Employee and Retiree Health and Welfare Benefits Program,  
11 to be developed and administered by the Secretary.

12 (b) (1) The Program:

13 (i) subject to the regulations adopted under § 2–503 of this subtitle,  
14 shall encompass all units:

15 ~~1.~~ in the Executive, Judicial, and Legislative branches of  
16 State government, including any unit with an independent personnel system; ~~AND~~

17 ~~2. SUBJECT TO SUBSECTION (C) OF THIS SECTION, IN A~~  
18 ~~COUNTY GOVERNMENT, MUNICIPAL CORPORATION, AND COUNTY BOARD;~~

19 (ii) shall include the health insurance benefit options established by  
20 the Secretary; and

21 (iii) except as provided in paragraph (2) of this subsection, may  
22 include any other benefit option that the Secretary considers appropriate.

23 (2) The Program may not contain any of the benefits provided under  
24 Division II or Title 35 or Title 37 of this article.

25 ~~(c) ON THE TERMINATION OF A CONTRACT FOR HEALTH INSURANCE~~  
26 ~~BENEFIT OPTIONS FOR EMPLOYEES OF A COUNTY GOVERNMENT, MUNICIPAL~~  
27 ~~CORPORATION, OR COUNTY BOARD THAT EXISTS ON JULY 1, 2018, A COUNTY~~  
28 ~~GOVERNMENT, MUNICIPAL CORPORATION, OR COUNTY BOARD SHALL PARTICIPATE~~  
29 ~~IN THE PROGRAM.~~

1 2-503.

2 (d) (2) Employees of organizations and entities covered by this section may  
3 participate:

4 (i) without State subsidies; and

5 (ii) with payment by the organization or entity of administrative  
6 costs resulting from the participation of its employees in the Program.

7 ~~(4) THE SECRETARY SHALL SPECIFY BY REGULATION THE TYPES OR~~  
8 ~~CATEGORIES OF COUNTY GOVERNMENT, MUNICIPAL CORPORATION, AND COUNTY~~  
9 ~~BOARD EMPLOYEES WHO:~~

10 ~~(I) ARE ELIGIBLE TO ENROLL AND PARTICIPATE IN THE~~  
11 ~~PROGRAM WITH SUBSIDIES;~~

12 ~~(II) ARE ELIGIBLE TO ENROLL AND PARTICIPATE IN THE~~  
13 ~~PROGRAM WITHOUT SUBSIDIES; AND~~

14 ~~(III) ARE NOT ELIGIBLE TO ENROLL OR PARTICIPATE IN THE~~  
15 ~~PROGRAM.~~

16 ~~2-507.~~

17 ~~(a) Subject to the regulations adopted under § 2-503 of this subtitle, a State,~~  
18 ~~COUNTY GOVERNMENT, MUNICIPAL CORPORATION, OR COUNTY BOARD employee~~  
19 ~~may enroll and participate in any of the health insurance or other benefit options~~  
20 ~~established under the Program.~~

21 2-512.

22 (a) In this section, “qualifying nonprofit organization” means an organization  
23 that:

24 (1) (i) receives State funds from the Maryland Department of Health  
25 that cover more than one-third of the organization’s operating expenses; and

26 (ii) is:

27 ~~1. (I)~~ described in § 501(c)(3) of the Internal Revenue  
28 Code; and

29 ~~2. (II)~~ exempt from income tax under § 501(a) of the  
30 Internal Revenue Code;

1 (2) is the Legal Aid Bureau, Inc.;

2 (3) is a corporation, a limited liability company, or any other entity that is  
3 wholly owned by the Legal Aid Bureau, Inc.; **OR** ~~or~~

4 (4) is the Maryland Crime Victims' Resource Center; ~~OR~~

5 ~~(5) IS A NONPROFIT ORGANIZATION THAT RECEIVES STATE FUNDING~~  
6 ~~FOR THE ORGANIZATION'S OPERATING EXPENSES.~~

7 (b) The Secretary shall adopt regulations for the enrollment and participation of  
8 employees of a qualifying nonprofit organization to participate in the Program as a satellite  
9 organization.

10 (c) A qualifying nonprofit organization that participates in the Program as a  
11 satellite organization shall:

12 (1) pay to the State:

13 (i) a premium in the amount determined by the Secretary; and

14 (ii) any costs, as determined by the Secretary, for the administration  
15 of this Program; and

16 (2) determine the extent to which the organization will subsidize  
17 participation by its employees in the Program.

18 **(D) THE PARTICIPATION OF A SATELLITE ORGANIZATION IN THE PROGRAM**  
19 **MAY NOT IMPEDE, UNDERMINE, OR CONFLICT WITH THE PROGRAM'S FEDERAL**  
20 **COMPLIANCE OBLIGATIONS OR GOVERNMENTAL AND CAFETERIA PLAN STATUS, AS**  
21 **DEFINED IN 26 U.S.C. § 125.**

22 2-513.

23 (a) An employee of a county [or], municipal corporation, **OR COUNTY BOARD**  
24 may enroll and participate in the health insurance benefit options established under the  
25 Program ~~with the approval of the governing body of the county or,~~ municipal corporation,  
26 **OR COUNTY BOARD**.

27 (b) The governing body of the county [or], municipal corporation, **OR COUNTY**  
28 **BOARD** shall:

29 (1) pay to the State the total costs resulting from the participation of its  
30 employees in the Program; and

1           (2) determine the extent to which the county or municipal corporation will  
2 subsidize participation by its employees in the Program.

3           SECTION 2. AND BE IT FURTHER ENACTED, That:

4           (a) There is a Task Force to Study Cooperative Purchasing for Health Insurance.

5           (b) The Task Force consists of the following members:

6           (1) ~~two members~~ one member of the Senate of Maryland, appointed by the  
7 President of the Senate;

8           (2) two members of the House of Delegates, appointed by the Speaker of  
9 the House;

10          (3) the Secretary of Budget and Management, or the Secretary's designee;

11          (4) the Maryland Insurance Commissioner, or the Commissioner's  
12 designee;

13          (5) the Procurement Advisor; ~~and~~

14          (6) the following members, appointed by the Governor:

15           (i) one representative of the Maryland Association of Counties;

16           (ii) one representative of the Maryland Association of Boards of  
17 Education;

18           ~~(ii)~~ (iii) one representative of the Maryland Municipal League;

19           ~~(iii) one representative of the Maryland Association of Boards of~~  
20 ~~Education;~~

21           (iv) one representative of the Maryland Public Purchasing  
22 Association;

23           (v) one representative of the ~~American Federation for State, County,~~  
24 ~~and Municipal Employees~~ supplemental benefits industry;

25           (vi) one representative of the Maryland ~~State Education~~ Retired  
26 School Personnel Association; and

27           (vii) one representative of Maryland Nonprofits;

1           (7) one representative of the American Federation for State, County, and  
2 Municipal Employees, appointed by the President of the American Federation for State,  
3 County, and Municipal Employees Council 3;

4           (8) one representative of the Maryland State Education Association,  
5 appointed by the President of the Association;

6           (9) one representative of the American Federation for State, County, and  
7 Municipal Employees, appointed by the President of the American Federation for State,  
8 County, and Municipal Employees Council 67;

9           (10) one representative of the Maryland State and D.C. AFL-CIO,  
10 appointed by the President of the Maryland State and D.C. AFL-CIO; and

11           (11) one representative of the AFT-Maryland, appointed by the President of  
12 AFT-Maryland.

13           (c) The Procurement Advisor shall be the chair of the Task Force.

14           (d) The Department of Budget and Management and the Maryland Insurance  
15 Administration shall provide staff for the Task Force.

16           (e) A member of the Task Force:

17               (1) may not receive compensation as a member of the Task Force; but

18               (2) is entitled to reimbursement for expenses under the Standard State  
19 Travel Regulations, as provided in the State budget.

20           (f) In order to pool public employee health care purchasing by ~~transitioning the~~  
21 ~~State~~, counties, municipal corporations, and county boards to ~~the State health plan~~  
22 maximize value while maintaining a broad package of benefits and reasonable premiums,  
23 the Task Force shall:

24               (1) study models of cooperative purchasing of health insurance;

25               (2) recommend the health insurance benefit options that should be offered  
26 to:

27                       (i) nonprofit organizations that qualify and elect to participate in  
28 the State health plan;

29                       (ii) county, municipal corporation, and county board employees;

30                       (iii) a surviving spouse, child, or dependent parent of a county,  
31 municipal corporation, or county board employee who died while employed by the State;  
32 and

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1 (iv) a retired county, municipal corporation, or county board  
2 employee;

3 (3) recommend ways to:

4 (i) minimize and combine administrative costs; and

5 (ii) transition the State, counties, municipal ~~corporation~~  
6 ~~corporations~~, and county boards to ~~the State plan~~ new plans, as applicable, without  
7 adversely affecting the health benefits of any employee;

8 (4) recommend whether the State should limit the number of nonprofit  
9 organizations that may participate in the State health plan; and

10 (5) make any other recommendations to control health costs and offer a  
11 variety of health benefit plan choices.

12 (g) On or before January 1, 2020, the Task Force shall report its findings and  
13 recommendations to the Governor and, in accordance with § 2-1246 of the State  
14 Government Article, the General Assembly.

15 ~~SECTION 3. AND BE IT FURTHER ENACTED, That a presently existing obligation~~  
16 ~~or contract right may not be impaired in any way by this Act.~~

17 ~~SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the General~~  
18 ~~Assembly that if transitioning to the State Employee and Retiree Health and Welfare~~  
19 ~~Benefits Program in accordance with Section 1 of this Act reduces costs for:~~

20 (1) ~~a county, the county shall spend an amount equal to the difference in~~  
21 ~~cost on substance use and other public health services; and~~

22 (2) ~~a county board, the county board shall spend an amount equal to the~~  
23 ~~difference in cost on career technical education programs.~~

24 SECTION ~~5.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 October 1, 2018. Section 2 of this Act shall remain effective for a period of ~~3~~ 4 years and, at  
26 the end of September 30, ~~2021~~ 2022, Section 2 of this Act, with no further action required  
27 by the General Assembly, shall be abrogated and of no further force and effect.