

HOUSE BILL 1120

K4, P4

EMERGENCY BILL

9lr2979
CF 9lr2981

By: **Delegates Carey, Attar, Bhandari, Bridges, Bromwell, Busch, Cardin, Crosby, Hettleman, Jones, Kipke, Lafferty, McIntosh, Pendergrass, Rosenberg, Stein, Szeliga, and C. Watson**

Introduced and read first time: February 8, 2019

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Prescription Drug Benefits – Retiree Benefits – Revisions**

3 FOR the purpose of authorizing certain retirees who participate in a certain prescription
4 drug benefit plan with a spouse or dependent child to elect to have the spouse or
5 dependent child covered under a certain State prescription drug benefit plan;
6 authorizing certain surviving spouses and surviving dependent children to elect to
7 enroll in a certain State prescription drug benefit plan; requiring the Department of
8 Budget and Management, on or before a certain date, to establish the Maryland
9 State Retiree Prescription Drug Coverage Program; authorizing the Maryland State
10 Retiree Prescription Drug Coverage Program to include a certain health
11 reimbursement account or other program; authorizing certain individuals to enroll
12 in the Maryland State Retiree Prescription Drug Coverage Program during a certain
13 open enrollment period; requiring the Department, on or before a certain date, to
14 establish the Maryland State Retiree Catastrophic Prescription Drug Assistance
15 Program; authorizing the Maryland State Retiree Catastrophic Prescription Drug
16 Assistance Program to reimburse participants through a certain health
17 reimbursement account or other program; authorizing certain individuals to enroll
18 in the Maryland State Retiree Catastrophic Prescription Drug Assistance Program
19 during a certain open enrollment period; altering the date by which the Secretary of
20 Budget and Management is required to provide a certain notice to certain
21 individuals; altering the information required to be included in a certain notice;
22 providing for the application of certain provisions of this Act; making conforming
23 changes; making this Act an emergency measure; and generally relating to retirees
24 from State employment and State prescription drug benefits.

25 BY repealing and reenacting, without amendments,

26 Article – State Personnel and Pensions

27 Section 2–508(d)

28 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2015 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 2–509.1
Annotated Code of Maryland
(2015 Replacement Volume and 2018 Supplement)

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

Article – State Personnel and Pensions

2–508.

(d) (1) Notwithstanding subsections (b) and (c) of this section and §§ 2–509 and 2–509.1 of this subtitle, the State may establish separate health insurance benefit options for retirees that differ from those for active State employees.

(2) Subject to § 2–509.1 of this subtitle, on or after July 1, 2011, the health insurance benefit option for retirees shall include a prescription drug benefit that:

(i) has the same co-payments, coinsurance, and deductible that apply to the prescription drug benefit for active State employees;

(ii) requires:

1. retirees who qualify for the maximum State subsidy to pay 25% of the premium for the prescription drug benefit; and

2. retirees who qualify for a partial State subsidy to pay 25% of the premium for the prescription drug benefit plus the proportional additional amount required under subsections (b)(4)(ii) and (c)(4)(ii) of this section; and

(iii) requires retirees to pay out-of-pocket limits equal to:

1. \$1,500 for the retiree only; and

2. \$2,000 for the retiree and the retiree's family.

2–509.1.

(a) (1) Except as provided in subsection (b) of this section, the State shall continue to include a prescription drug benefit plan in the health insurance benefit options established under the Program and available to retirees under §§ 2–508 and 2–509 of this subtitle notwithstanding the enactment of the federal Medicare Prescription Drug, Improvement, and Modernization Act of 2003 or any other federal law permitting states to

1 discontinue prescription drug benefit plans to retirees of a state.

2 **(2) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION:**

3 **(I) A RETIREE MAY ELECT TO COVER THE RETIREE'S SPOUSE**
4 **OR DEPENDENT CHILD UNDER THE STATE PRESCRIPTION DRUG BENEFIT PLAN**
5 **UNDER §§ 2-508 AND 2-509 OF THIS SUBTITLE; AND**

6 **(II) IF A SURVIVING SPOUSE OR SURVIVING DEPENDENT CHILD**
7 **OF A RETIREE IS ELIGIBLE TO ENROLL IN THE STATE PRESCRIPTION DRUG BENEFIT**
8 **PLAN UNDER § 2-508 OR § 2-509 OF THIS SUBTITLE, THE SURVIVING SPOUSE OR**
9 **SURVIVING DEPENDENT CHILD MAY ELECT TO ENROLL IN THE STATE**
10 **PRESCRIPTION DRUG BENEFIT PLAN.**

11 (b) Except as provided in subsection (c) of this section, on January 1, 2019, the
12 State shall discontinue prescription drug benefits for:

13 (1) a Medicare-eligible retiree;

14 (2) the Medicare-eligible spouse or surviving spouse of a retiree; and

15 (3) a Medicare-eligible dependent child or surviving dependent child of a
16 retiree.

17 (c) (1) If a retiree is eligible to participate in the prescription drug benefit plan
18 under Medicare, but the retiree's spouse or dependent child is not eligible to participate in
19 a Medicare prescription drug benefit plan, the retiree may elect to cover the retiree's spouse
20 or dependent child under the State prescription drug benefit plan.

21 (2) If the surviving spouse or surviving dependent child of a retiree is
22 eligible to enroll in the State prescription drug benefit plan under § 2-508 OR § 2-509 of
23 this subtitle, but is not eligible to participate in the prescription drug benefit plan under
24 Medicare, the surviving spouse or surviving dependent child may elect to enroll in the State
25 prescription drug benefit plan.

26 **(D) (1) THIS SUBSECTION APPLIES ONLY TO A RETIREE, A RETIREE'S**
27 **SPOUSE OR SURVIVING SPOUSE, AND A RETIREE'S DEPENDENT CHILD OR SURVIVING**
28 **DEPENDENT CHILD:**

29 **(I) WHO IS ENROLLED IN A PRESCRIPTION DRUG BENEFIT PLAN**
30 **UNDER MEDICARE; AND**

31 **(II) IF THE RETIREE IS RETIRED ON OR BEFORE DECEMBER 31,**
32 **2018.**

1 **(2) ON OR BEFORE JANUARY 1, 2020, THE DEPARTMENT SHALL**
2 **ESTABLISH A MARYLAND STATE RETIREE PRESCRIPTION DRUG COVERAGE**
3 **PROGRAM THAT REQUIRES PARTICIPANTS TO PAY OUT-OF-POCKET LIMITS EQUAL**
4 **TO THE LIMITS ESTABLISHED IN § 2-508(D)(2)(III) OF THIS SUBTITLE.**

5 **(3) THE MARYLAND STATE RETIREE PRESCRIPTION DRUG**
6 **COVERAGE PROGRAM ESTABLISHED UNDER PARAGRAPH (2) OF THIS SUBSECTION**
7 **MAY INCLUDE:**

8 **(I) A HEALTH REIMBURSEMENT ACCOUNT ESTABLISHED IN**
9 **ACCORDANCE WITH § 105(H) OF THE INTERNAL REVENUE CODE; OR**

10 **(II) ANOTHER PROGRAM THAT PROVIDES ASSISTANCE WITH**
11 **PRESCRIPTION DRUG COSTS.**

12 **(4) A RETIREE, A RETIREE'S SPOUSE OR SURVIVING SPOUSE, AND A**
13 **RETIREE'S DEPENDENT CHILD OR SURVIVING DEPENDENT CHILD MAY ENROLL IN**
14 **THE MARYLAND STATE RETIREE PRESCRIPTION DRUG COVERAGE PROGRAM**
15 **DURING THE OPEN ENROLLMENT PERIOD FOR RETIREE HEALTH INSURANCE**
16 **BENEFIT OPTIONS.**

17 **(E) (1) THIS SUBSECTION APPLIES ONLY TO A RETIREE, A RETIREE'S**
18 **SPOUSE OR SURVIVING SPOUSE, AND A RETIREE'S DEPENDENT CHILD OR SURVIVING**
19 **DEPENDENT CHILD:**

20 **(I) WHO IS ENROLLED IN A PRESCRIPTION DRUG BENEFIT PLAN**
21 **UNDER MEDICARE; AND**

22 **(II) IF THE RETIREE:**

23 **1. BEGAN STATE SERVICE ON OR BEFORE JUNE 30,**
24 **2011; AND**

25 **2. RETIRED ON OR AFTER JANUARY 1, 2019.**

26 **(2) ON OR BEFORE JANUARY 1, 2020, THE DEPARTMENT SHALL**
27 **ESTABLISH A MARYLAND STATE RETIREE CATASTROPHIC PRESCRIPTION DRUG**
28 **ASSISTANCE PROGRAM THAT REIMBURSES A PARTICIPANT FOR OUT-OF-POCKET**
29 **COSTS AFTER THE PARTICIPANT HAS ENTERED CATASTROPHIC COVERAGE UNDER A**
30 **PRESCRIPTION DRUG BENEFIT PLAN UNDER MEDICARE.**

31 **(3) THE MARYLAND STATE RETIREE CATASTROPHIC PRESCRIPTION**
32 **DRUG ASSISTANCE PROGRAM UNDER PARAGRAPH (2) OF THIS SUBSECTION MAY**

1 PROVIDE REIMBURSEMENTS THROUGH:

2 (I) A HEALTH REIMBURSEMENT ACCOUNT ESTABLISHED IN
3 ACCORDANCE WITH § 105(H) OF THE INTERNAL REVENUE CODE; OR

4 (II) ANOTHER PROGRAM THAT PROVIDES ASSISTANCE WITH
5 PRESCRIPTION DRUG COSTS.

6 (4) A RETIREE, A RETIREE'S SPOUSE OR SURVIVING SPOUSE, AND A
7 RETIREE'S DEPENDENT CHILD OR SURVIVING DEPENDENT CHILD MAY ENROLL IN
8 THE MARYLAND STATE RETIREE CATASTROPHIC PRESCRIPTION DRUG
9 ASSISTANCE PROGRAM DURING THE OPEN ENROLLMENT PERIOD FOR RETIREE
10 HEALTH INSURANCE BENEFIT OPTIONS.

11 [(d)] (F) (1) Subject to paragraph [(2)] (3) of this subsection, not later than
12 July 1, [2018] 2019, the Secretary shall provide written certified notice [to the individuals
13 listed in subsection (b) of this section] of the change in the State prescription drug benefit
14 plan under this section TO THE INDIVIDUALS WHO WILL BE ELIGIBLE ON OR AFTER
15 JANUARY 1, 2020, TO ENROLL IN THE:

16 (I) MARYLAND STATE RETIREE PRESCRIPTION DRUG
17 COVERAGE PROGRAM; OR

18 (II) MARYLAND STATE RETIREE CATASTROPHIC
19 PRESCRIPTION DRUG ASSISTANCE PROGRAM.

20 (2) The notice shall include information regarding:

21 (i) coverage options available in the Medicare prescription drug
22 benefit plan; [and]

23 (ii) the potential for significant penalties if an individual does not
24 promptly choose a Medicare prescription drug benefit plan immediately on termination of
25 the individual's participation in the State prescription drug benefit plan; AND

26 (III) THE PROGRAMS AVAILABLE UNDER SUBSECTIONS (D) AND
27 (E) OF THIS SECTION.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
29 measure, is necessary for the immediate preservation of the public health or safety, has
30 been passed by a yea and nay vote supported by three-fifths of all the members elected to
31 each of the two Houses of the General Assembly, and shall take effect from the date it is
32 enacted.