

SenatorBailey_FAV_SB395_House.pdf

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Budget & Taxation Committee



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March 29, 2023

Senate Bill 395 – State Employee and Retiree Health Benefits - Creditable Service

Dear Chairman Barnes and Members of the Committee,

I am writing to introduce Senate Bill 395 – State Employee and Retiree Health Benefits – Creditable Service. This bill would require any creditable service for State employment to be included in the calculation of creditable service to determine eligibility for State retiree health insurance benefits.

This bill was originally introduced to correct an error in the service time calculation for two employees of Historic St. Mary's City that affects their creditable service for retiree health benefits. These employees were allowed to be placed in the Optional Retirement Program, which is limited to educational institutions, in error on the advice of human resources personnel because of a misunderstanding that HSMC was affiliated with St. Mary's College of Maryland as an educational institution. The State later determined that these employees were in fact not eligible to be in the ORP under IRS rules and they were transferred to the State Retirement and Pension System. Because these employees were erroneously placed in the ORP for 11 years of their career and then placed back in the State Retirement and Pension System, they are not able to retire with their full cumulative years of service.

After introduction of this legislation, we heard from other State institutions whose employees have experienced similar issues. Rather than require the introduction of individual bills for each specific circumstance that may arise, Senate Bill 395 now makes any creditable service for State employment in the Executive, Legislative or Judicial Branch count towards determining eligibility for retiree health benefits. This should resolve this issue not only for the employees of Historic St. Mary's City covered by the original bill, but for any State employees who are in a similar situation.

Senate Bill 395 passed the Senate unanimously and is identical to House Bill 581 as it passed this Committee and the House of Delegates. I respectfully request a favorable report on Senate Bill 395. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bailey', written over a horizontal line.

Senator Jack Bailey