

**Department of Legislative Services**  
Maryland General Assembly  
2002 Session

**FISCAL NOTE**

House Bill 364  
Appropriations

(Delegates Love and Cadden)

Budget and Taxation

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**Child Support Enforcement Administration - Retirement Health Benefits -  
Former Anne Arundel County Circuit Court Domestic Relations Division  
Employees**

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This bill clarifies the rules, and alters the employer payment responsibilities, for the retiree health benefits of employees of the Domestic Relations Division of the Anne Arundel County Circuit Court who are transferred to the Child Support Enforcement Administration (CSEA) of the Maryland Department of Human Resources (DHR).

The bill takes effect July 1, 2002.

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**Fiscal Summary**

**State Effect:** Employer costs for retiree health insurance coverage under the State plan are essentially identical to those of Anne Arundel County, so the decision of transferred employees to elect one system or the other should not have a fiscal impact.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** This bill applies only to employees of the Domestic Relations Division of the Anne Arundel County Circuit Court who, on or before June 30, 2002, are participants in the Anne Arundel County Retirement and Pension System and who are transferred on or before July 1, 2002 into the State Personnel Management System as an

employee of CSEA, including an attorney representing CSEA, and who elects to remain as a participant in the Anne Arundel County Retirement and Pension System.

The bill allows a covered retiree who elected to remain in the Anne Arundel County Retirement and Pension System to enroll in the health insurance benefit option provided under that system, and once enrolled, receive the retirement health benefits provided by the county, subject to the creditable service requirements established in State law. On or before May 15 of each year, the personnel officer for Anne Arundel County must certify to the Department of Human Resources the contribution rates for health benefits determined for the Anne Arundel County Retirement and Pension System for the next fiscal year.

The Department of Human Resources would be required to pay on a quarterly basis to the Anne Arundel County government an amount equal to the employer's contribution for those health benefits. If the certified employer contribution rate for health benefits is greater than the employer contribution rate paid by the State for State retirees under the State Personnel Management System, then the Department of Human Resources may limit the employer contribution rate to the employer contribution rate paid by the State for State employees under the State personnel management system and the retiree would be responsible for payment of the balance of any monthly premium cost to the county not reimbursed by the State.

**Current Law:** Chapter 693 of 2001 provided that an employee of the Domestic Relations Division of the Anne Arundel County Circuit Court who is transferred on or before July 1, 2002 into the State Personnel Management System as an employee of CSEA, including an attorney representing CSEA, may elect to either: (1) remain as a participant in the Anne Arundel County Retirement and Pension System; or (2) become an enrollee in the Employees' Pension System of the State of Maryland.

If an employee elects to remain as a participant in the Anne Arundel County Retirement and Pension System, the election remains in effect only as long as the employee remains employed by CSEA. If the employee transfers to another position in State service, the employee will become an enrollee of the Employees' Pension System of Maryland.

A retiree who elected to remain in the Anne Arundel County Retirement and Pension System may receive retirement health benefits equal to those received by retirees under the Anne Arundel County Retirement and Pension System if the State each month reimburses the county an amount equal to the employer's contribution for those health benefits.

**Background:** Under current law, State's Attorneys and/or local circuit courts have the first option on whether to provide CSEA with legal representation in child support enforcement cases. When the local jurisdictions provide legal representation, the costs are shared by the federal and local governments.

Alternatively, the State's Attorney or circuit court with a local support enforcement office may request that the responsibility for support enforcement be transferred to CSEA. A request for transfer of responsibility must be made to the Department of Human Resources by September 1 of the year preceding the fiscal year for which responsibility will be transferred. The personnel of the local support enforcement office are transferred to the State Personnel Management System and placed in the closest comparable position. Accumulated leave is transferred and the employee's pension credit is transferred. Approximately 14 counties and Baltimore City have transferred the legal responsibilities of support enforcement to CSEA.

Anne Arundel County has applied to transfer its child support enforcement employees as of July 1, 2002. It is estimated that the cost to the State of the additional 59 employees will be approximately \$3.1 million, of which one-third will be general funds and two-thirds federal funds. While Chapter 693 dealt generally with retiree health insurance costs, it did not directly explain the method by which transferees would elect retiree health insurance and how much the State would pay the county for such insurance.

**State Expenditures:** The county advises that retiree health insurance costs are approximately \$4,325 per year per retiree. The State's retiree health costs are difficult to ascertain but a 1998 study by the Segal Company, the State's health insurance actuary, estimated the cost of the State's subsidy for retiree health to be \$4,362 for fiscal 2003. Thus, to the extent that these employees remain in the county pension system and utilize retiree health insurance through the county and the State reimburses the county for the county's retiree health insurance costs, there should be no net fiscal impact. For future years, if county costs rise faster than the State's, the law caps the State's contribution at the amount paid for regular employees. If State costs rise faster and the State pays the county cost, the State could reap a small savings.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** Senate Bill 444 (Senators Jimeno and Neall) – Finance.

**Information Source(s):** Department of Human Resources, Judiciary (Administrative Office of the Courts), Anne Arundel County, Maryland State Retirement Agency, Department of Legislative Services

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ncs/jr

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Analysis by: Matthew D. Riven

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510