

MAINE STATE LEGISLATURE

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L.D. 1955

DATE: *March 26, 1998*

(Filing No. S-623)

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**STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 707, L.D. 1955, Bill, "An Act to Restore the Normal Retirement Age for State Employees and Teachers"

Amend the bill by striking out the title and substituting the following:

'An Act to Amend the Health Insurance Benefits of State Employees and Teachers Who Retire or Terminate Service'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 5 MRSA §285, sub-§1, ¶G, as amended by PL 1997, c. 80, §2, is further amended to read:

G. Subject to subsection 1-A, employees in any of the categories denominated in paragraphs A to F-1 and paragraph F-3 who:

(1) On April 26, 1968, have retired and who were covered under group health plans that by virtue of Public Law 1967, chapter 543 were terminated;

(2) After April 26, 1968, retire and who on the date of their retirement are currently enrolled in this group health plan as employees;

2 (3) After December 2, 1986, and after reaching normal
4 retirement age, cease to be members of the Legislature
6 and are recipients of retirement allowances from the
8 Maine State Retirement System based upon creditable
service as teachers, as defined by section 17001,
subsection 42. This paragraph also applies to former
members who were members on December 2, 1986; ~~or~~

10 (4) After December 2, 1986, and not yet normal
12 retirement age, cease to be members of the Legislature
14 and are recipients of retirement allowances from the
16 Maine State Retirement System based upon creditable
service as teachers, as defined by section 17001,
subsection 42. This paragraph also applies to former
members who were members on December 2, 1986; ~~and~~ or

18 (5) After January 1, 1999, terminate employment under
20 which they were eligible for the group health plan but
22 do not retire at that time and who satisfy the
requirements of subsection 1-A, paragraph D or
paragraph E; and

24 **Sec. 2. 5 MRSA §285, sub-§1-A,** as amended by PL 1989, c. 776,
26 §1, is further amended to read:

28 **1-A. Eligibility; retirees.** Any person otherwise eligible
30 pursuant to subsection 1, paragraph G, must in addition, in order
to be eligible under this section:

32 A. If retiring on a disability retirement, have
34 participated in the group health plan immediately prior to
retirement;

36 B. If retiring but not retiring on a disability retirement,
38 have participated, as an employee, in the group health plan
for at least one year immediately prior to retirement; ~~or~~

40 C. If eligibility is based upon subsection 1, paragraph G,
42 subparagraph (3), have participated in the group health plan
for at least one year immediately prior to ceasing to be a
member of the Legislature;

44 D. If terminating employment but not retiring at that time,
46 have 25 years of creditable service under chapter 423,
48 subchapter IV and remain a member of the Maine State
Retirement System, make a one-time election to continue
coverage from the date of termination until retirement and
pay the cost of the coverage plus the cost incurred by the
Division of State Employee Health Insurance in administering

2 coverage under the plan. If a terminated employee who
4 elects coverage under this paragraph fails to pay the cost
6 of coverage and any administrative costs in the amount and
8 manner determined by the division, the coverage may be
10 cancelled in accordance with the requirements of Title 24
12 and Title 24-A. Regardless of election of coverage or
14 cancellation of coverage under this paragraph, an employee
16 terminating employment as provided in this paragraph may
18 elect coverage upon retirement under paragraph E; or

20 E. If retiring and not in service immediately prior to
22 retirement, have at least 25 years of creditable service
24 under chapter 423, subchapter IV and make a one-time
26 election at retirement to rejoin the plan. Coverage of
28 preexisting conditions upon rejoining the plan under this
30 paragraph is governed by Title 24-A, chapter 36. The
32 payment provisions of subsection 7 apply to retirees
34 exercising the option under this paragraph.

36 **Sec. 3. 20-A MRS §13451**, as amended by PL 1995, c. 368, Pt.
38 G, §14, is further amended to read:

40 **§13451. Group accident and sickness or health insurance for**
42 **retired teachers**

44 Group accident and sickness or health insurance shall ~~shall~~ must
46 be available to retired and certain inactive teachers as defined
48 in Title 5, section 17001, subsection 42, subject to the
following.

50 **1. Access to a group plan.** The group accident and sickness
52 and health insurance plan that is in effect for active teachers
54 in a public school system or school unit must be made available
56 to all teachers eligible under subsection 2, who retired under
58 the Maine State Retirement System when they left that system or
60 school unit or who terminated employment without retiring as
62 provided in subsection 2-B. The rate for the insurance coverage
64 must be the same as the rate provided for active teachers in that
66 school system or school unit.

68 **2. Eligibility; retired teacher members.** Any retired
70 teacher who receives a retirement benefit from the Maine State
72 Retirement System ~~shall be~~ is eligible for group accident and
74 sickness or health insurance, provided that the retired teacher
76 also meets the eligibility requirements for participation imposed
78 by the group plan that governed the teacher last as an active
teacher and participated in the plan for one year immediately
prior to retirement or October 1, 1987, whichever comes last.
Retired teachers may not be required to maintain a dues-paying

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2 membership in any organization as a requirement for participation
in a group health insurance plan under this subsection.

4 **2-A. Access to group plan; retired teachers who serve as**
Legislators. Any retired teacher eligible for group accident and
6 sickness or health insurance under subsection 2, or terminated
8 teacher who does not retire but who elects group accident and
10 sickness or health insurance under subsection 2-B, who becomes a
12 member of the Legislature must be permitted to reenroll in the
14 teachers' group plan within 90 days of the date the retired
teacher ceases to be a Legislator. The retired or terminated
teacher seeking to reenroll must show that continuous insurance
coverage was maintained from at least one year immediately prior
to retirement from the school district to within 90 days of the
date of reenrollment.

16 **2-B. Eligibility; teachers who terminate employment but do**
18 **not retire.** Any teacher who terminates employment but does not
20 retire at that time, who has 25 years of creditable service under
22 Title 5, Chapter 423, Subchapter IV and remains a member of the
24 Maine State Retirement System after termination, who makes a
26 one-time election to continue coverage from the date of
28 termination until retirement and who pays the cost of the
30 coverage plus the cost incurred by the association or
32 organization offering the plan in administering coverage under
34 the plan is eligible to participate in the teacher group plan.
If a terminated teacher who elects coverage under this subsection
fails to pay the cost of coverage and any administrative costs in
the amount and manner determined by the division, the coverage
may be cancelled in accordance with the requirements of Title 24
and Title 24-A. Regardless of election of coverage or
cancellation of coverage under this paragraph, a teacher
terminating employment as provided in this subsection may elect
coverage upon retirement under subsection 2-C.

36 **2-C. Eligibility; teachers who retire following break in**
38 **employment.** A teacher who retires but who is not in service
40 immediately prior to retirement and who has at least 25 years of
42 creditable service under Title 5, chapter 423, subchapter IV may
44 make a one-time election at retirement to rejoin the teacher
group plan. Coverage of preexisting conditions upon rejoining
the plan under this subsection is governed by Title 24-A, chapter
36. The payment provisions of subsection 3 apply to retirees
exercising the option under this subsection.

46 **3. Payment by State.** The State shall pay 25% of the
48 retired teacher members' share of this insurance.

50 **3-A. School units that change plans.** If a school unit
changes its group health insurance plan or provider, the school

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2 unit at the time that it transfers active teachers to the new
3 plan or provider shall also transfer all retired teachers, and
4 terminated teachers who do not retire and who elect coverage
5 under the teacher group plan under subsection 2-B, from that
6 school unit to the new plan or provider and shall inform each
7 retired and terminated teacher in writing that, unless the school
8 receives written notice from an individual retired or terminated
9 teacher to the contrary, each retired or terminated teacher will
10 be transferred automatically to the new plan or provider. The
11 school unit shall also provide each retired or terminated teacher
12 a description of the benefits and costs of the new plan or
13 provider. A retired or terminated teacher may decline to
14 participate with the new plan or provider upon written notice to
15 the school unit. If any retired or terminated teacher so elects,
16 there shall-be is no obligation or responsibility on the part of
17 the replaced group plan or provider beyond conversion or
18 continuity options provided for in Title 24, chapter 19 or Title
19 24-A, chapters 35 and 36. If any retired or terminated teacher
20 declines to participate with the new plan or provider, there is
21 no obligation or responsibility on the part of the replaced group
22 plan or provider.

23
24 **4. Master policy certificates.** The insurance company or
25 companies or nonprofit organizations, or both, shall furnish the
26 usual master policy and certificates. The original master policy
27 and certificate must be held by the organization offering the
28 insurance plan and the Commissioner of Administrative and
29 Financial Services shall hold a certified copy. Each insured
30 retired or terminated teacher-member must receive a certificate
31 setting forth the benefits to which entitled, to whom payable, to
32 whom claims must be submitted and summarizing the provisions of
33 the policy principally affecting the retired or terminated
34 teacher-member.

35 **Sec. 4. Effective date.** This Act takes effect January 1, 1999.'

36
37 Further amend the bill by inserting at the end before the
38 summary the following:

39
40
41 **FISCAL NOTE**

42
43 The bill allows state employees and teachers who terminate
44 employment with 25 years of creditable service to continue
45 coverage in the State's employee health insurance program at
46 their own expense and allows them to be eligible for the retiree
47 health insurance program at the time that they do retire. It
48 further allows state employees and teachers who retire to defer
acceptance of benefits under the retiree health insurance program

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2 until a later date. These actions may reduce the costs of the
retiree health insurance program. The amounts of any savings can
4 not be determined at this time and will depend on the number of
individuals who take advantage of these options. The impact of
6 these options on individuals' retirement decisions can not be
determined.

8 The State Employees' Health Insurance Program will incur
additional costs to administer a separate program for employees
10 who have terminated and pay their own health insurance premiums.
While the additional costs can not be determined, the program is
12 authorized to assess the participants in this group for the
additional administrative costs.

14 The Maine State Retirement System will incur costs to
16 respond to increased requests for determinations of creditable
service. These costs can be absorbed within existing budgeted
18 resources of the system.'

20 **SUMMARY**

22 This amendment replaces the bill and eliminates the
24 requirement that in all cases state employees and teachers must
be enrolled for at least one year immediately before retirement
26 in order to qualify for continued participation in group health
insurance coverage after retirement. The amendment provides a
28 one-time option for state employees and teachers who terminate
employment but do not retire at that time to continue
30 participation in their group health insurance plan until
retirement if they pay the cost of that coverage. Regardless of
32 whether that option is exercised, a state employee or teacher who
retires following a break in employment may choose to rejoin the
34 group health insurance plan at retirement. The State pays 100%
of the health insurance costs of retired state employees and 25%
36 of the health insurance costs of retired teachers. State
employees and teachers who retire directly as active workers are
38 not affected by this bill.