

**STATE OF**



**OPTIONAL RETIREMENT PROGRAM**

**RETIREE HEALTH BENEFITS  
FOR ORP PARTICIPANTS  
HIRED ON OR AFTER  
JULY 1, 2011**

# State of Maryland Retiree Health Benefits Handbook for the Optional Retirement Program (ORP)

## Introduction

The State of Maryland ORP handbook for health benefits was developed to assist ORP-eligible employees and retirees of Maryland State Institutions of Higher Education to understand the options available to them under the Optional Retirement Program.

For assistance, please contact your Institution Benefits Coordinator. Additional information is also available on the Department of Budget and Management's Health Benefits website, [www.dbm.maryland.gov/benefits](http://www.dbm.maryland.gov/benefits) under the tab marked "Retirees."

### **IMPORTANT**

**The information contained in this handbook  
DOES NOT apply to individuals hired prior to July 1, 2011.  
Please refer to the ORP handbook for individuals hired before July 1, 2011 located on the website noted  
above for more information.**

**NOTICE: The information presented in this handbook is subject to legislative change and judicial interpretation and does not supersede nor restrict procedures or authority established under State statute. If there are questions of interpretation, the provisions of the State Personnel and Pensions Article of the Annotated Code of Maryland will control to resolve them.**

This document was developed by the Department of Budget and Management/Employee Benefits Division (DBM-EBD) in cooperation with the University System of Maryland (USM) - Revised September 2012.

# Table of Contents

	Page
Introduction	2
Health Benefits	4
I. Maryland Optional Retirement Program (ORP) Service	5
A. Eligibility	5
B. State Premium Subsidy	6
C. Payment of Retiree Health Benefits Premiums	7
II. Maryland State Retirement & Pension System (SRPS) Service	8
A. Eligibility	8
B. State Premium Subsidy	8
C. Payment of Retiree Health Benefits Premiums	8
Frequently Asked Questions	10
Combining Service or Subsidy	13
Scenarios on Combining Service or Subsidy	14
Eligibility and State Subsidy Worksheet	20
Definitions	21
Annotated Code of Maryland – Personnel and Pensions - Subtitle 5. Health and Welfare Benefits Program	23
§ 2-509 ORP Retirees	24
§ 2-508 SRPS Retirees	25



# HEALTH BENEFITS

## Eligibility and Cost

The information in this section is included  
in the annual Health Benefits Guide  
and is supported by the  
Annotated Code of Maryland

See Appendix for  
Annotated Code of Maryland  
§ 2-509 ORP Retirees  
and  
§ 2-508 State Retirees

# MARYLAND ORP RETIREES

## **I. HEALTH BENEFITS FOR OPTIONAL RETIREMENT PROGRAM (ORP) RETIREES**

The Maryland laws that govern health benefits eligibility for retirees in the MD Optional Retirement Program (ORP), their spouses and dependents, can be very complicated. The application of these laws depends on several factors including, but not limited to, your years of State service, any previous participation in ORP, any previous participation in other State retirement/pension plans, your age at retirement, and whether your retirement is direct or deferred. Determining your retirement health benefits is a two step process:

- 1) Do you meet the eligibility criteria for health benefits?
- 2) Will you receive any State subsidy towards the insurance premium?

Moreover, if you have a spouse or other dependents, the answers to these questions will need to be determined independently.

This booklet provides guidance to help you answer these important questions. Please familiarize yourself with the entire document, as the eligibility and subsidy criteria is complex and dependent upon the variations in each employee's individual circumstances. Also, please feel free to contact your institution's Benefits Coordinator (or State Employee Benefits Division) with any questions that you may have after reading this booklet.

There are special rules governing your eligibility and costs for health benefits if you are a Retiree enrolled in ORP. Approved State of MD ORP vendors include:

Current: Teachers Insurance and Annuity Association College Retirement Equities Fund (**TIAA-CREF**) and **Fidelity** Investments;  
Former: Valic, American Century and ING.

## **A. ELIGIBILITY**

### **ORP Retirees**

You may be eligible for health benefits with maximum, partial, or no State subsidy beginning with the first day of the month in which you receive your first periodic distribution from your Maryland ORP account. Your health benefits will continue as long as you and/or your eligible dependents continue to receive a periodic distribution from your Maryland ORP account.

To be eligible, the ORP retiree must meet one of the following criteria:

- Ended service with a Maryland State institution of higher education when you were at least age 57 and had service equal to at least 10 years of full-time employment with contributions to a Maryland ORP account;
- Ended service with a Maryland State institution of higher education with service equal to at least 25 years of full-time employment with contributions to a Maryland ORP account; or
- Retired directly from and have at least 10 years of service with a State institution of higher education with a periodic distribution of ORP benefits

**Note: One year of employment at 50% of standard work hours with contributions to a Maryland ORP account provides six months of applicable ORP service. Refer to Section B for additional eligibility details.**

**Warning:** If you **stop receiving a periodic distribution from your Maryland ORP account**, you will no longer be eligible for health benefits. Lump sum payments, supplemental retirement accounts, and non-Maryland State institution ORP accounts do not count towards eligibility or continued enrollment in retiree health benefits.

### **Surviving Eligible Dependent Beneficiaries of Deceased ORP Retirees**

You are eligible for health benefits if you are the surviving spouse or dependent child of an eligible deceased ORP Retiree and:

- You meet the spouse or dependent child eligibility criteria for health benefits; and
- You are receiving a periodic distribution of benefits from the Retiree's Maryland ORP.

If the beneficiary is a spouse, the spouse may cover herself/himself and any children who would be eligible dependent children of the deceased Retiree if the Retiree were still living.

If the beneficiary is a child, the child may enroll in State subsidized health benefits as long as he or she meets the health benefits criteria for dependent children. When the child no longer meets the dependent eligibility requirements for children, subsidized health benefits end. Non-subsidized benefits under COBRA are available for up to 36 months.

**Warning:** If you **stop receiving a periodic distribution from the Retiree's Maryland ORP account**, you will no longer be eligible for health benefits. Lump sum payments, supplemental retirement accounts, and non-Maryland State institution ORP accounts do not count towards eligibility, or continued enrollment in retiree health benefits.

### **Term Life Insurance**

Dependent beneficiaries who were enrolled in the State's Term Life Insurance as a dependent at the time of the Retiree's death must contact the Term Life insurance carrier within 30 days in order to convert their coverage to an individual policy if they wish to continue this coverage. Plan names and phone numbers are listed in the inside front cover of the annual Health Benefits Guide.

Complete a Retiree Health Benefits Enrollment Form and a State of Maryland ORP Packet, obtained from your institution Benefits Coordinator at a Maryland State Institution of Higher Education, the State Department of Budget & Management Health Benefits website [www.dbm.maryland.gov/benefits](http://www.dbm.maryland.gov/benefits) or by mail from the State Department of Budget & Management-Employee Benefits Division (DBM-EBD).

## **B. STATE PREMIUM SUBSIDY (amount of subsidy toward health insurance premium)**

### **ORP Retirees**

**You are eligible for the maximum amount of the State subsidy for individual and dependent coverage if you:**

- have service equal to at least 25 years of full-time employment with employer contributions to a Maryland ORP account whether you retire directly or defer retirement from a Maryland State institution of higher education.

**You are eligible for a pro-rated subsidy amount for individual coverage, but no subsidy for dependent coverage if you:**

- retire directly from a Maryland State institution of higher education and have service equal to at least 10 years but less than 25 years of full-time employment with employer contributions to a Maryland ORP account.

**You may be able to enroll in retiree health benefits but are not eligible for any subsidy for either individual or dependent coverage if you:**

- **do not retire directly upon ending ORP service with a Maryland State institution of higher education and if you have less than 25 years of full time employment with employer contributions to a Maryland ORP account. You would pay 100% of the premium.**

## **Retirees with both, ORP Service and SRPS Service**

- If ORP and SRPS service total 25 years or more, service from both systems can be combined to determine the amount of subsidy.
- ORP and SRPS service cannot be combined if the total is less than 25 years. However, if the employee has at least 10 years of service in each retirement system (ORP and SRPS), the percentage of the maximum State subsidy independently supported by each system can be combined.

## **Surviving Eligible Dependent Beneficiaries of Deceased ORP Retirees**

- There is no State health benefits subsidy for the surviving eligible dependent beneficiary if the retiree had less than 25 years of Maryland State service.
- Surviving eligible dependent beneficiaries are eligible for the maximum amount of the State subsidy if the retiree had 25 or more fulltime years of regular State service in any branch of government, even if the Retiree did not retire directly from a Maryland State institution of higher education.

### **NOTES:**

- 1. Retirees or Dependent Beneficiary of deceased ORP retirees must continuously receive a periodic distribution from a Maryland ORP account to maintain eligibility for Retiree health benefits. If you stop receiving a periodic distribution from your Maryland ORP account, you will no longer be eligible for health benefits.**
- 2. If an ORP Retiree or Dependent Beneficiary has a break in all State health benefits coverage for any reason, voluntary or involuntary, documentation confirming the continuous and current receipt of a periodic distribution from the Maryland ORP must be provided to qualify for re-enrollment.**
- 3. If you fail to promptly notify the Employee Benefits Division that you are no longer receiving a periodic distribution from your Maryland ORP account, you will be required to repay the full insurance premium including any State subsidy from the date you became ineligible (the last day of the period for which your last Maryland ORP distribution was received) until the date the Employee Benefits Division was notified. This same regulation applies to the Dependent Beneficiary of a deceased ORP Retiree.**

## **C. PAYMENT OF RETIREE HEALTH BENEFITS PREMIUMS**

A letter explaining the payment process will be mailed to the address provided on your retiree enrollment form along with payment coupons for the first month of coverage through the end of the plan year. (January through December for forms processed during the Open Enrollment.) **REMINDER: If you stop receiving a periodic distribution from your Maryland ORP account, you will no longer be eligible for health benefits.**

Payments must begin with the first coupon received and are due the first of every month, with a 30-day grace period.

All benefits are inactive and claims will not be processed until the Employee Benefits Division receives payment. Untimely payments result in a delay in coverage availability and/or processing of claims. Payments not postmarked within the 30-day grace period may result in the termination of your coverage and you may not be permitted to re-enroll until the next Open Enrollment period.

Payment may be made in advance to cover any or all coupons(s) received, but must be made in full monthly increments. Payment deadlines are strictly enforced.

If you do not receive payment coupons within one month of submitting your enrollment form, please contact the Employee Benefits Division.

## **MARYLAND STATE RETIREMENT SYSTEM RETIREES – (Not applicable to ORP Service)**

### **II. HEALTH BENEFITS FOR MARYLAND STATE RETIREMENT & PENSION SYSTEM (SRPS) RETIREES**

#### **A. ELIGIBILITY**

##### **SRPS Retirees**

You and your dependents are eligible for health benefits if you are a SRPS Retiree who is currently receiving a monthly State retirement allowance and meet one of the following criteria:

- You ended State service with at least 25 year of creditable service;
- You ended State service and deferred your retirement allowance, with at least 10 years of creditable service and within 5 years before the age at which a vested retirement allowance would normally begin;
- You retired directly from State service with a State retirement allowance and had 10 years of creditable service; or
- You retired from State service with a disability retirement allowance.

#### **B. STATE PREMIUM SUBSIDY (amount of subsidy toward health insurance premium)**

You and your dependents are eligible for the maximum amount of the State subsidy for individual and dependent coverage if you:

- You retire with 25 or more years of creditable service;
- You receive a disability retirement; or

You and your dependents are eligible for a pro-rated subsidy amount for coverage if you:

- Have at least 10 years of State creditable service, but less than 25 years of State creditable service. For example, if you have 10 years of State creditable service, you would receive 10/25ths of the maximum State subsidy.

#### **C. PAYMENT OF RETIREE HEALTH BENEFITS PREMIUMS**

Premiums will be deducted from your monthly State retirement allowance. If your monthly allowance does not accommodate deductions of any or all premiums, you will be billed for the premiums that were not deducted. Only whole plan premiums will be deducted. You will receive coupons for the first month in which no deduction was taken through the end of the plan year. Coupons for forms processed during Open Enrollment, for premiums that could not be deducted, are mailed in February for the plan year (January-December beginning January 2014). Premium payments are due on the first day of every month, with a 30-day grace period (Exception: January premiums are due upon receipt of the coupons, with a 30-day grace period).

If payment is not postmarked within the 30-day grace period, coverage in the plans for which payment was not received may be terminated and you may not be permitted to re-enroll until the next Open Enrollment Period.



**NOTE:** Retirees of a county that participates with the State Retirement System are not eligible for retiree health benefits coverage through the State Employee and Retiree Health and Welfare Benefits Program. Certain other Retirees, such as Retirees of the Maryland Environmental Service or the University of Maryland Medical System (UMMS) that receive a State retirement allowance may be eligible. Contact your institution Benefits Coordinator or the Employee Benefits Division if you think you may be eligible.



# FREQUENTLY ASKED QUESTIONS

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## **FREQUENTLY ASKED QUESTIONS**

(For ORP Participants Hired on or After July 1, 2011)

### **1. Is the ORP Enrollment Packet to be used only by the University System of Maryland?**

No, the ORP Enrollment Packet is to be used by all Maryland ORP retirees. Maryland State institutions of higher education include the following: University System of Maryland, Baltimore City Community College, Morgan State University, Saint Mary's College of Maryland, and the Maryland Higher Education Commission.

### **2. Does the employee need to complete the entire ORP packet?**

Yes, the entire packet must be completed. If a form does not apply, leave it blank and return the entire packet to the Employee Benefits Division.

### **3. If an employee worked at a Maryland State institution of higher education as a participant of both the Maryland State Retirement and Pension System (SRPS) and the Maryland Optional Retirement Program (ORP), would he/she have to complete Forms 1, 2, 3 and 4?**

Yes. Forms 1 and 2 are for reporting service with Maryland ORP participation. Forms 3 and 4 are for reporting service with any Maryland State non-ORP service in a position eligible for SRPS participation and/or non-ORP employment with Maryland State institution of higher education.

### **4. On Form 1, will the exact dates of employment with ORP participation be required, or just the month and year?**

Exact dates are preferred, but if the exact date is unknown, the month and year will be accepted.

### **5. If an ORP retiree did not have any Maryland State service other than ORP service, does he/she have to complete Forms 3 and 4?**

No. By simply checking the statement and signing in Box C on the Checklist (Form 1, side 2 of the ORP Retiree Health Benefits Enrollment Packet), the retiree can indicate that no Maryland State service other than ORP service is being claimed and will not have to complete Forms 3 and 4.

### **6. Will dependent verification documentation be required for dependents that were covered on the active employee policy immediately prior to retirement?**

No, verification documentation will not be required for dependents that are currently enrolled under the employee's active coverage immediately prior to retirement.

### **7. Why should ORP retirees verify service with State agencies (Forms 3 and 4) when agencies don't participate in the ORP? Will it increase the amount of the State subsidy?**

ORP retirees can combine Maryland ORP service and Maryland SRPS service if the combined service equals 25 years or more. Service cannot be combined if the combined service equals less than 25 years. However, there is another reason for reporting any Maryland State non-ORP service in a SRPS-eligible position (either with a State institution of higher education or a State agency). For ORP and SRPS service that totals less than 25 years, if the individual is entitled to receive both a Maryland ORP retirement benefit and a SRPS retirement benefit, and if each retirement system (ORP and SRPS) independently supports health benefits participation with State subsidy, the amount of subsidy that is independently supported by each system can be combined. If all Maryland ORP and Maryland SRPS service is reported, the retiree will receive the correct amount of State subsidy to which he/she is entitled.

**8. Can the surviving spouse of an ORP retiree continue his/her health benefits coverage upon the retiree's death?**

As long as the surviving spouse is receiving a periodic distribution from the deceased retiree's Maryland ORP account, the surviving spouse can enroll in health benefits by submitting a Retiree Health Benefits Enrollment Form along with Form 5, Verification of Maryland ORP Retirement to confirm that he/she receives a periodic distribution from the Maryland ORP. The beneficiary would receive the same portion of subsidy, if any, that the deceased retiree received for dependent coverage. If the surviving spouse has already been confirmed by the Employee Benefits Division as a joint annuitant on a dual life annuity, Form 5 is not required; the beneficiary must only submit a Retiree Health Benefits Enrollment Form.

**9. Can an ORP retiree who is receiving a 10-year periodic distribution from the Maryland ORP participate in retiree health benefits?**

Yes, as long as the retiree meets the criteria for participation in retiree health benefits, but only for the duration in which a periodic distribution is received. If distributions are set up to end in 10 years, health benefits eligibility will also end in 10 years.

**10. What is the State subsidy for a retiree who has less than 25 years of combined ORP and SRPS service and only needs individual coverage?**

COMAR does not provide the combination of the ORP and SRPS service for enrollees with less than 25 years of service as a retiree under SRPS. A retiree with less than 25 years of State service who retires from more than one system (i.e., his/her Maryland ORP account and a Maryland SRPS retirement) and is eligible for a health benefits subsidy under both §2-508 and §2-509, each independently of the other, may combine the State subsidy that is independently supported by each system.

**11. Does time during a sabbatical count?**

Yes, the time would be pro-rated based on the percentage of pay received while on sabbatical.

**12. If an employee works through January, but does not receive the first periodic retirement check until March, is this considered a direct retirement?**

Yes, the retirement would be considered a "direct retirement" if the first periodic distribution is received within 60 days of ending ORP service with a Maryland State institution of higher education. However, retiree health benefits cannot begin until the month in which you receive your first periodic distribution. In the scenario above, retiree health benefits would become available on March 1<sup>st</sup>. If active employee health benefits end on January 31<sup>st</sup>, the only option for coverage between January 31<sup>st</sup> and March 1<sup>st</sup> would be under the Consolidated Omnibus Budget Reconciliation Act (COBRA) at the full premium plus a 2% administrative fee and no State subsidy.



# COMBINING SERVICE or SUBSIDY

## Scenarios and Worksheet

## SCENARIOS ON COMBINING SERVICE OR SUBSIDY

The rules, laws and regulations governing participation and State subsidy in the Program are found in SPP §2-509 for the Optional Retirement Program (ORP) and SPP §2-508 for the State Retirement and Pension System (SRPS). They are charted below and are applied to several scenarios on the following pages. In addition to the information charted below:

- If ORP and SRPS service totals 25 years or more, service from both systems can be combined;
- ORP and SRPS service cannot be combined if the total is less than 25 years; however, if Program participation with State subsidy is supported independently by more than one system, the percentage of maximum State subsidy independently supported by each system can be combined.

Maryland ORP- with Employer Contributions		SRPS- Creditable Service	
Maryland ORP Service requirements to be eligible for Program participation, in accordance with SPP §2-509:		SRPS Service requirements to be eligible for Program participation, in accordance with SPP §2-508:	
Direct Retirement	Deferred Retirement	Direct Retirement	Deferred Retirement
<ul style="list-style-type: none"> <li>● Equal to at least 10 years of full-time service with ORP contributions.</li> </ul>	<ul style="list-style-type: none"> <li>● Equal to at least 25 years of full-time service with ORP contributions;</li> <li style="text-align: center;">or</li> <li>● Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.</li> </ul>	<ul style="list-style-type: none"> <li>● At least 10 years of creditable service;</li> <li style="text-align: center;">or</li> <li>● A Disability Retirement.</li> </ul>	<ul style="list-style-type: none"> <li>● Ended State service with at least 25 years of creditable service;</li> <li style="text-align: center;">or</li> <li>● Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service;</li> <li style="text-align: center;">or</li> <li>● A Disability Retirement.</li> </ul>
If ORP eligibility requirements above are met for Program participation, State subsidy is determined as follows:		If SRPS eligibility requirements above are met for Program participation, State subsidy is determined as follows:	
<ul style="list-style-type: none"> <li>● Service equal to at least 10, but less than 25 years of full-time service: <i>Pro-rated subsidy for Retiree coverage, but <u>No subsidy for Dependent coverage.</u></i></li> <li>● Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Retiree and Dependent coverage.</i></li> </ul>	<ul style="list-style-type: none"> <li>● Service equal to less than 25 years of full-time service: <i><u>No subsidy for Retiree or Dependent coverage</u></i></li> <li>● Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Retiree coverage and Dependent coverage.</i></li> </ul>	<ul style="list-style-type: none"> <li>● At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Retiree and Dependent coverage.</i></li> <li>● At least 25 years of creditable service: <i>Maximum subsidy for Retiree and Dependent coverage.</i></li> <li>● A Disability Retirement: <i>Maximum subsidy for Retiree and Dependent coverage.</i></li> </ul>	<ul style="list-style-type: none"> <li>● At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Retiree and Dependent coverage.</i></li> <li>● At least 25 years of creditable service: <i>Maximum subsidy for Retiree and Dependent coverage.</i></li> <li>● A Disability Retirement: <i>Maximum subsidy for Retiree and Dependent coverage.</i></li> </ul>

**SCENARIO 1:**

An individual worked for a Maryland State institution of higher education in a full-time position for six years while participating in the ORP system and ended employment with the institution without retiring. He/she returned to State Service for 12 years as a regular State employee with participation in the State Employees' Pension System (EPS) and retired directly from the EPS.

<b>Maryland ORP Retirement</b>		<b>Maryland SRPS Retirement</b>	
<input type="checkbox"/> Direct Retirement with _____ years of Service	<input checked="" type="checkbox"/> Deferred Retirement at age <u>(n/a)</u> with <u>6</u> years of Service	<input checked="" type="checkbox"/> Direct Retirement with <u>12</u> years of Creditable Service	<input type="checkbox"/> Deferred Retirement at age _____ with _____ years of Creditable Service
Requirements for Program Participation		Requirements for Program Participation	
<input type="checkbox"/> Service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> Service equal to at least 25 years of full-time service with ORP contributions;  or <input type="checkbox"/> Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.	<input checked="" type="checkbox"/> At least 10 years of creditable service;  or <input type="checkbox"/> Disability Retirement.	<input type="checkbox"/> Ended State service with at least 25 years of creditable service;  or <input type="checkbox"/> Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service;  or <input type="checkbox"/> Disability Retirement.
State subsidy for Eligible ORP Retirees		State subsidy for Eligible SRPS Retirees	
<input type="checkbox"/> Service equal to at least 10, but less than 25 years of full-time service: <i>Pro-rated subsidy for Individual coverage, but <u>No subsidy for Dependent coverage.</u></i>	<input type="checkbox"/> Service equal to less than 25 years of full-time service: <i><u>No subsidy for Individual or Dependent coverage.</u></i>	<input checked="" type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual coverage and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>		<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	

**Combining Service:** Service from both systems cannot be combined, since the total service is less than 25 years.

**Combining State Subsidy:**

	Supported by ORP	Supported by SRPS	Eligible for Combining Y or N	Total Subsidy
State subsidy for Individual Coverage	None	12/25 <sup>th</sup> of maximum amount	N	12/25 <sup>th</sup> of maximum amount
State subsidy for Dependent Coverage	None	12/25 <sup>th</sup> of maximum amount	N	12/25 <sup>th</sup> of maximum amount

**SCENARIO 2:**

An individual worked for a State agency for 12 years as a participant in the State Employees' Pension System and ended State service at age 59. He/She subsequently began full-time employment with a Maryland State institution of higher education as an ORP participant for 10 years before ending his/her Maryland ORP service and immediately receiving a periodic distribution from his/her Maryland ORP account as well as a deferred EPS retirement.

<b>Maryland ORP Retirement</b>		<b>Maryland SRPS Retirement</b>	
<input checked="" type="checkbox"/> Direct Retirement with <u>10</u> years of Service	<input type="checkbox"/> Deferred Retirement at age _____ with _____ years of Service	<input type="checkbox"/> Direct Retirement with _____ years of Service	<input checked="" type="checkbox"/> Deferred Retirement at age <u>59</u> with <u>12</u> years of Creditable Service
Requirements for Program Participation		Requirements for Program Participation	
<input checked="" type="checkbox"/> Service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> Service equal to at least 25 years of full-time service with ORP contributions;  or  <input type="checkbox"/> Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> At least 5 years of creditable service;  or  <input type="checkbox"/> Disability Retirement.	<input type="checkbox"/> Ended State service with at least 25 years of creditable service;  or  <input checked="" type="checkbox"/> Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service;  or  <input type="checkbox"/> Disability Retirement.
State subsidy for Eligible ORP Retirees		State subsidy for Eligible SRPS Retirees	
<input checked="" type="checkbox"/> Service equal to at least 10, but less than 25 years of full-time service: <i>Pro-rated subsidy for Individual coverage, but No subsidy for Dependent coverage.</i>	<input type="checkbox"/> Service equal to less than 25 years of full-time service: <i>No subsidy for Individual or Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>	<input checked="" type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual coverage and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>
		<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>

**Combining Service:** Service from both systems cannot be combined, since the total service is less than 25 years.

**Combining State subsidy:**

	Supported by ORP	Supported by SRPS	Eligible for Combining Y or N	Total Subsidy
State subsidy for Individual Coverage	10/25 <sup>th</sup> of maximum amount	12/25 <sup>th</sup> of maximum amount	Y	22/25 <sup>th</sup> of maximum amount
State subsidy for Dependent Coverage	None	12/25 <sup>th</sup> of maximum amount	N	12/25 <sup>th</sup> of maximum amount



**SCENARIO 3**

An individual worked full-time for 12 years with a Maryland State institution of higher education as an ORP participant and ended service with the Maryland State institution of higher education at age 59 but did not begin receiving a periodic distribution from the Maryland ORP at that time. He/She subsequently began employment with another State agency and worked eleven years while a participant in the State Employees' Pension System before retiring directly from that position.

<b>Maryland ORP Retirement</b>		<b>Maryland SRPS Retirement</b>	
<input type="checkbox"/> Direct Retirement with ___ years of Service	<input checked="" type="checkbox"/> Deferred Retirement at age <u>59</u> with <u>12</u> years of Service	<input checked="" type="checkbox"/> Direct Retirement with <u>11</u> years of Service	<input type="checkbox"/> Deferred Retirement at age _____ with _____ years of Creditable Service
Requirements for Program Participation		Requirements for Program Participation	
<input type="checkbox"/> Service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> Service equal to at least 25 years of full-time service with ORP contributions; or <input checked="" type="checkbox"/> Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.	<input checked="" type="checkbox"/> At least 10 years of creditable service; or <input type="checkbox"/> Disability Retirement.	<input type="checkbox"/> Ended State service with at least 25 years of creditable service; or <input type="checkbox"/> Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service; or <input type="checkbox"/> Disability Retirement.
State subsidy for Eligible ORP Retirees		State subsidy for Eligible SRPS Retirees	
<input type="checkbox"/> Service equal to at least 10, but less than 25 years of full-time service: <i>Pro-rated subsidy for Individual coverage, but No subsidy for Dependent coverage.</i>	<input checked="" type="checkbox"/> Service equal to less than 25 years of full-time service: <i>No subsidy for Individual or Dependent coverage.</i>	<input checked="" type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual coverage and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>

**Combining Service:** Service from both systems cannot be combined, since the total service is less than 25 years.

**Combining State subsidy:**

	Supported by ORP	Supported by SRPS	Eligible for Combining Y or N	Total Subsidy
State subsidy for Individual Coverage	None	11/25 <sup>th</sup> of maximum amount	N	11/25 <sup>th</sup> of maximum amount
State subsidy for Dependent Coverage	None	11/25 <sup>th</sup> of maximum amount	N	11/25 <sup>th</sup> of maximum amount

**SCENARIO 4**

An individual participated in the ORP for 25 years while working full-time for a Maryland State institution of higher education. He/She left the State institution but did not immediately begin receiving a periodic distribution from the Maryland ORP. He/She subsequently worked for nine years with another State agency as a member of the State Employees' Pension System and retired directly from State service and then began ORP periodic distribution.

<b>Maryland ORP Retirement</b>		<b>Maryland SRPS Retirement</b>	
<input type="checkbox"/> Direct Retirement with _____ years of Service	<input checked="" type="checkbox"/> Deferred Retirement at age <u>(n/a)</u> with <u>25</u> years of Service	<input checked="" type="checkbox"/> Direct Retirement with <u>9</u> years of Service	<input type="checkbox"/> Deferred Retirement at age _____ with _____ years of Creditable Service
Requirements for Program Participation		Requirements for Program Participation	
<input type="checkbox"/> Service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> Service equal to at least 25 years of full-time service with ORP contributions;  or  <input type="checkbox"/> Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> At least 10 years of creditable service;  or  <input type="checkbox"/> Disability Retirement.	<input type="checkbox"/> Ended State service with at least 25 years of creditable service;  or  <input type="checkbox"/> Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service;  or  <input type="checkbox"/> Disability Retirement.
State subsidy for Eligible ORP Retirees		State subsidy for Eligible SRPS Retirees	
<input type="checkbox"/> Service equal to at least 10, but less than 25 years of full-time service: <i>Pro-rated subsidy for Individual coverage, but No subsidy for Dependent coverage.</i>	<input type="checkbox"/> Service equal to less than 25 years of full-time service: No subsidy for Individual or Dependent coverage. .  <input checked="" type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual coverage and Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>

**Combining Service:** Service from both systems can be combined, since the combined service totals at least 25 years.

**Combining State subsidy:**

	Supported by ORP	Supported by SRPS	Eligible for Combining Y or N	Total Subsidy
State subsidy for Individual Coverage	Maximum Amount	None	N	Maximum Amount
State subsidy for Dependent Coverage	Maximum Amount	None	N	Maximum Amount

SCENARIO 5

An individual worked for 5 years as a State employee while participating in the State Employees' Pension System. He/She left that position for a position with a Maryland State institution of higher education as a participant in the Maryland ORP. He/She worked for 20 years at the State institution before retiring directly from the Maryland ORP.

Maryland ORP Retirement		Maryland SRPS Retirement	
<input checked="" type="checkbox"/> Direct Retirement with <u>20</u> years of Service	<input type="checkbox"/> Deferred Retirement at age ____ with ____ years of Service	<input type="checkbox"/> Direct Retirement with ____ years of Service	<input type="checkbox"/> Deferred Retirement at age <u>(n/a)</u> with <u>5</u> years of Creditable Service
Requirements for Program Participation		Requirements for Program Participation	
<input checked="" type="checkbox"/> Service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> Service equal to at least 25 years of full-time service with ORP contributions; or <input type="checkbox"/> Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> At least 10 years of creditable service; or <input type="checkbox"/> Disability Retirement.	<input type="checkbox"/> Ended State service with at least 25 years of creditable service; or <input type="checkbox"/> Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service; or <input type="checkbox"/> Disability Retirement.
State subsidy for Eligible ORP Retirees		State subsidy for Eligible SRPS Retirees	
<input type="checkbox"/> Service equal to at least 5, but less than 25 years of full-time service: <i>Pro-rated subsidy for Individual coverage, but No subsidy for Dependent coverage.</i>	<input type="checkbox"/> Service equal to less than 25 years of full-time service: <u>No subsidy for Individual or Dependent coverage.</u>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service: <i>Pro-rated subsidy for Individual and Dependent coverage.</i>
<input checked="" type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service): <i>Maximum subsidy for Individual coverage and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service: <i>Maximum subsidy for Individual and Dependent coverage.</i>
		<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement: <i>Maximum subsidy for Individual and Dependent coverage.</i>

**Combining Service:** Service from both systems can be combined, since the combined service totals at least 25 years.

**Combining State subsidy:**

	Supported by ORP	Supported by SRPS	Eligible for Combining Y or N	Total Subsidy
State subsidy for Individual Coverage	Maximum Amount	None	Y	Maximum Amount
State subsidy for Dependent Coverage	Maximum Amount	None	Y	Maximum Amount

## ELIGIBILITY AND STATE SUBSIDY WORKSHEET

Use the worksheet below to find out if you will be eligible to enroll in health benefits upon retirement.

ORP and SRPS service can only be combined if the total service is 25 years or more. If you have ORP and SRPS service that totals less than 25 years, if Program participation with State subsidy is independently supported by each system, the percentage of maximum State subsidy independently supported by each system can be combined.

<b>Maryland ORP Retirement</b>		<b>Maryland SRPS Retirement</b>	
<input type="checkbox"/> Direct Retirement with _____ years of Service	<input type="checkbox"/> Deferred Retirement at age _____ with _____ years of Service	<input type="checkbox"/> Direct Retirement with _____ years of Creditable Service	<input type="checkbox"/> Deferred Retirement at age _____ with _____ years of Creditable Service
Requirements for Program Participation		Requirements for Program Participation	
<input type="checkbox"/> Service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> Service equal to at least 25 years of full-time service with ORP contributions;  <div style="text-align: center;">or</div> <input type="checkbox"/> Ended service with a Maryland State institution of higher education when at least age 57 with service equal to at least 10 years of full-time service with ORP contributions.	<input type="checkbox"/> At least 10 years of creditable service;  <div style="text-align: center;">or</div> <input type="checkbox"/> Disability Retirement.	<input type="checkbox"/> Ended State service with at least 25 years of creditable service;  <div style="text-align: center;">or</div> <input type="checkbox"/> Ended State service within 5 years of normal retirement age, with at least 10 years of creditable service;  <div style="text-align: center;">or</div> <input type="checkbox"/> Disability Retirement.
If you will be eligible to enroll in retiree health benefits, choose the applicable description below to find out if you will receive any State subsidy for retiree health benefits.		If you will be eligible to enroll in retiree health benefits, choose the applicable description below to find out the portion of State subsidy you will receive.	
<input type="checkbox"/> Service equal to at least 10, but less than 25 years of full-time service:  <i>Pro-rated subsidy for Individual coverage, but No subsidy for Dependent coverage.</i>	<input type="checkbox"/> Service equal to less than 25 years of full-time service:  <u>No subsidy for Individual or Dependent coverage.</u>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service:  <i>Pro-rated subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 10, but less than 25 years of creditable service:  <i>Pro-rated subsidy for Individual and Dependent coverage.</i>
<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service):  <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Service equal to at least 25 years of full-time service (can be combined with SRPS service):  <i>Maximum subsidy for Individual coverage and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service:  <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> At least 25 years of creditable service:  <i>Maximum subsidy for Individual and Dependent coverage.</i>
		<input type="checkbox"/> Disability Retirement:  <i>Maximum subsidy for Individual and Dependent coverage.</i>	<input type="checkbox"/> Disability Retirement:  <i>Maximum subsidy for Individual and Dependent coverage.</i>

**Combining State subsidy:**

	Supported by ORP	Supported by SRPS	Eligible for Combining Y or N	Total Subsidy
State subsidy for Individual Coverage				
State subsidy for Dependent Coverage				



# DEFINITIONS

# DEFINITIONS

## **Creditable Service**

Service credited toward the SPP Division II allowance; Division II plans are generally the Maryland State Retirement and Pension System plans (SRPS). SPP §2-508(a)(2).

## **Deferred ORP Retirement**

Receiving a periodic distribution from a Maryland ORP account that did not begin directly upon ending service with a Maryland State institution of higher education.

## **Direct ORP Retirement**

Receiving a periodic distribution from a Maryland ORP account that began directly upon ending service with a Maryland State institution of higher education (generally within 60 days).

## **Maryland State institutions of higher education**

University System of Maryland, Baltimore City Community College, Morgan State University, Saint. Mary's College of Maryland, and the Maryland Higher Education Commission

## **Maryland State Retirement and Pension System Retiree**

A former State employee who is receiving a retirement allowance through the Maryland State Retirement and Pension System (SRPS) under SPP Division II SPP §2-508(a)(3)

## **Maryland State Service**

Employment with the State of Maryland while eligible for participation with the Maryland State Retirement and Pension System under Title 22 or Title 23 of the Annotated Code of Maryland, State Personnel and Pensions Article (or another specifically listed Maryland State Retirement and Pension System plan); SPP §2-508(a)(4)(i)

## **ORP Retiree**

A former employee of a Maryland State institution of higher education who is receiving a periodic distribution from a Maryland ORP account.

## **Periodic Distribution**

Periodic payments from a Maryland ORP account for a specified period of time. Periodic payments may be based on a participant's life expectancy; however, if payments end, health insurance eligibility also ends.

## **State Subsidy**

The portion of health benefit premiums paid on the Retiree's behalf by the State of Maryland; ORP retirees receive either maximum, pro-rated, or no State subsidy for the individual retiree's portion of the premiums and either maximum or no State subsidy for the dependent portion of the premiums. *(For more information on State Subsidy, see Optional Retirement Program (ORP) Retirees, Eligibility and State Subsidy Amount, on page 5 of this handbook.)*



# ANNOTATED CODE OF MARYLAND

## Personnel and Pensions

### Subtitle 5. Health and Welfare Benefits Program

§ 2-509 ORP Retirees

§ 2-508 SRPS Retirees

# ANNOTATED CODE OF MARYLAND

## Personnel and Pensions

The following information is copied from the Annotated Code of Maryland, Personnel and Pensions Article, Subtitle 5, HEALTH AND WELFARE BENEFITS PROGRAM

In this handbook, the order has been reversed so that information pertaining to Optional Retirement Program (ORP) retirees that is found in § 2-509 has been placed before information pertaining to State Retirement and Pension System retirees (SRPS) that is found in § 2-508.

### **The following information pertains to Optional Retirement Program (ORP) Retirees:**

§ 2-509.

(b) *Who may enroll; State subsidy -- Employee of the State in the Executive, Legislative, or Judicial Branch of government on or after July 1, 2011.* -- This subsection applies to a retiree of an optional retirement program under Title 30 of this article who begins service as an employee of the State in the Executive, Legislative, or Judicial Branch of government on or after July 1, 2011.

(2) (i) Subject to subparagraph (ii) of this paragraph, an individual may enroll and participate in the health insurance benefit options established under the Program if the individual retired under an optional program under Title 30 of this article and:

1. ended service with a State institution of higher education with at least 10 years of service and was at least age 57;
2. ended service with a State institution of higher education with at least 25 years of service; or
3. retired directly from and had at least 10 years of service with a State institution of higher education with a periodic distribution of benefits on or after July 1, 2011.

(ii) 1. For purposes of this paragraph only, years of service shall be calculated as follows:

A. except as provided in subparagraph 2 of this subparagraph, a year of service means a period of 12 months during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program; or

B. if an employee's work year is an academic year of at least 9 but less than 12 months, a year of service means a period equal to the academic year during which an employee was a participant in an optional retirement program under Title 30 of this article and the participant's employer made contributions to the participant's account in the Program.

2. To determine eligibility for health insurance benefits under this section, each year of service shall be multiplied by the participant's percentage of full-time employment for that year of service.

(iii) The surviving spouse or dependent child of a deceased individual who was eligible to enroll may enroll and participate in the health insurance benefit options established under the Program as long as the spouse or dependent child is receiving a periodic distribution of benefits under an optional retirement program under Title 30 of this article.

(3) (i) An enrollee under this subsection who was in service with a State institution of higher education at the time of the retirement is entitled to the same State subsidy allowed a retiree under § 2-508(c)(4) of this subtitle. However, except as provided in subparagraph (ii) of this paragraph, the subsidy shall apply only to the costs of coverage for the enrollee and may not apply to any additional costs of coverage for the enrollee's spouse or dependent children.



(ii) If the enrollee has 25 or more years of service as an employee of the State in the Executive, Legislative, or Judicial Branch of government, the enrollee or the enrollee's surviving spouse or dependent child is entitled to the same State subsidy allowed a retiree with 25 or more years of creditable service under § 2-508(c)(4)(i) of this subtitle.

**The following information pertains to Maryland State Retirement and Pension System (SRPS) Retirees**

§ 2-508. Same – Retirees

(a) *Definitions.* -

(1) In this section the following words have the meanings indicated.

(2) "Creditable service" means:

(i) service credited toward a retirement allowance under Division II of this article;

(ii) service while a member of the Judges' Retirement System under Title 27 of this article;

(iii) service while an employee was employed by the Domestic Relations Division of the Anne Arundel County Circuit Court, prior to transfer on or before July 1, 2002 into the State Personnel Management System, in accordance with § 2-510 of the Courts Article; or

(iv) service while a member of the Maryland Transit Administration Retirement Plan under § 7-206 of the Transportation Article.

(3) (i) "Retiree" means:

1. a former State employee who receives a retirement allowance under Division II of this article;

2. a former employee of the Medical System Corporation, as defined in § 13-301 or § 13-401 of the Education Article who receives a retirement allowance from the Employees' Retirement System of the State of Maryland or the Employees' Pension System of the State of Maryland under Title 22 or Title 23 of this article; or

3. a former employee of the Maryland Transit Administration who receives a Maryland Transit Administration retirement allowance under § 7-206 of the Transportation Article.

ii) "Retiree" does not include:

1. a member of the faculty or staff of a community college;

2. a teacher or a staff member employed by a county board of education; or

3. an individual who retired under an optional program under Title 30 of this article.

(4) "State service" means service with the State by:

(i) an employee while a member of the Employees' Retirement System or the Employees' Pension System under Title 22 or Title 23 of this article;

(ii) a member of the Judges' Retirement System under Title 27 of this article;

(iii) a teacher while a member of the Teachers' Retirement System or Teachers' Pension System under Title 22 or Title 23 of this article;

(iv) a correctional officer, while a member of the Correctional Officers' Retirement System under Title 25 of this article;

(v) an employee of the Medical System Corporation, as defined in § 13-301 or § 13-401 of the Education Article while a member of the Employees' Retirement System of the State of Maryland or the Employees' Pension System of the State of Maryland under Title 22 or Title 23 of this article;

(vi) a State Police officer while a member of the State Police Retirement System under Title 24 of this article;

(vii) a law enforcement officer while a member of the Law Enforcement Officers' Pension System under Title 26 of this article; or

(viii) an employee while a member of the Maryland Transit Administration Plan under § 7-206 of the Transportation Article.

\* \* \*

(c) *Participation in health insurance benefit options; applicability; State subsidy entitlement -- other retirees. --*

(1) (i) Except as provided in subparagraph (ii) of this paragraph, this subsection applies to a retiree who begins State service on or after July 1, 2011.

(ii) This subsection does not apply to a retiree of the Judges' Retirement System.

(2) A retiree may enroll and participate in the health insurance benefit options established under the Program if the retiree:

(i) ends State service with at least 25 years of creditable service;

(ii) ends State service with a least 10 years of creditable service within 5 years before the age at which a vested retirement allowance normally would begin;

(iii) retires directly from State service with a State retirement allowance and has 10 years of creditable service; or

(iv) retires directly from State service with a State disability retirement allowance.

(3) (i) The surviving spouse or dependent child of a deceased retiree who was eligible to enroll may enroll and participate in the health insurance benefit options established under the Program as long as the spouse or child is receiving a periodic allowance under Division II of this article or the Maryland Transit Administration Retirement Plan under § 7-206 of the Transportation Article.

(ii) Subparagraph (i) of this paragraph does not apply to a deceased retiree's spouse or dependent child who receives an Option 1, Option 4, or Option 7 benefit under Division II of this article or a lump-sum payment of benefits under the Maryland Transit Administration Retirement Plan under § 7-206 of the Transportation Article.

(4) (i) If a retiree receives a State disability retirement allowance or has 25 or more years of creditable service, the retiree or the retiree's surviving spouse or dependent child is entitled to the same State subsidy allowed a State employee.

(ii) In all other cases, if a retiree has at least 10 years of creditable service, the retiree or the retiree's surviving spouse or dependent child is entitled to 1/25 of the State subsidy allowed a State employee for each year of the retiree's creditable service up to 25 years.

(iii) Notwithstanding subparagraph (ii) of this paragraph and subsection (a)(4)(i) of this section, if a retiree is an additional employee or agent of the State Racing Commission, for the purposes of determining a retiree's State subsidy, creditable service shall be determined with respect to service as an additional employee or agent beginning from the initial date of employment.