

# REGULATION ANNE ARUNDEL

## COUNTY PUBLIC SCHOOLS

Related Entries: Policy 800.13, GAO  
Responsible Office: DIVISION OF HUMAN RESOURCES

### RETIREE HEALTHCARE BENEFITS

#### A. PURPOSE

To establish procedures to determine eligibility for and funding of healthcare benefits for retirees and their qualified dependents.

#### B. BACKGROUND

Retirees of Anne Arundel County Public Schools (AACPS) are offered access to healthcare benefits after retirement in recognition of their many years of service to AACPS.

#### C. DEFINITIONS

1. ***Maryland State Retirement Agency (MSRA)*** – The agency of the Maryland State government that administers the state retirement and pension systems, which cover employees of AACPS.
2. ***Service Retirement*** – Retirement earned through service and based on the eligibility requirements of the Maryland State Retirement System for the plan in which the employee is enrolled. Service retirement can be a Normal Service Retirement which provides full pension benefits or Early Service Retirement which provides reduced pension benefits.
3. ***Disability Retirement*** – A benefit provided by the Maryland State Retirement and Pension Systems for eligible members who are found to be totally and permanently disabled and incapacitated for the further performance of their normal job duties.
4. ***Premium*** – The cost of healthcare benefits.
5. ***COBRA*** - The Consolidated Omnibus Budget Reconciliation Act of 1985 requires employers to provide continuation of healthcare coverage after employment ends for up to a minimum of 18 months. COBRA coverage is fully paid by the beneficiary, including an administrative fee of up to 2%.
6. ***Annuity*** – A monthly payment paid to the retiree by the MSRA for the lifetime of the retiree.

7. ***Dual-Life Annuity*** – A pension payment option that provides for a surviving spouse to receive a lifetime benefit from the Maryland State Retirement Agency after the death of the retiree.
8. ***Open Enrollment*** – Annual period during which participants may make changes to the level or type of healthcare coverage whether or not a qualifying event has occurred.
9. ***Lifestyle Change*** – A change in healthcare coverage brought about by a qualifying lifestyle event in the life of a covered participant, e.g. a marriage, death or divorce qualifying the participant to add or discontinue coverage of a spouse if the change is requested and the documentation is provided within 31 days of the qualifying event.
10. ***Qualified Dependent*** – Spouse, regardless of gender, children up to age 26, disabled children of any age if the child becomes physically or mentally disabled before age 26 and while covered. Proof of continuing disability may be required by the carrier.
11. ***Survivor Benefits*** – Healthcare benefits continued for a surviving spouse after the death of the covered retiree provided that the retiree elected a dual-life annuity pension payment option.

#### **D. PROCEDURES**

To continue membership in the Board’s healthcare plans after retirement, the following conditions apply:

1. The employee must be eligible to receive benefits from the MSRA upon a service or disability retirement. Anne Arundel County Public Schools service requirements set forth in Section 7 below apply to employees hired after September 15, 2002.
2. The employee must separate from employment with AACPS by reason of retirement.
3. The employee must apply to AACPS for continuation of healthcare benefits at the time of retirement from AACPS, or, if the employee has 15 or more years of service with AACPS, enrollment into the AACPS retiree healthcare plans may be deferred to a later date. Future entry into the retiree healthcare plan is only available within 31 days of a lifestyle change, or during an annual open enrollment period.
4. If ineligible for participation in the retiree healthcare program, the retiree and his/her qualified dependents are eligible for continuation of benefits through COBRA. COBRA benefits must be elected within 60 days of the end of employment with AACPS and the retiree shall be billed directly for the coverage. The period of eligibility for COBRA coverage is generally 18 months unless qualifying circumstances permit a longer period of coverage.

5. The portion of the premium not funded by AACPS shall be deducted from the annuity which the member receives from the retirement agency. If the annuity is not sufficient to pay the premium, the retiree shall be directly billed by an outside agency on a monthly basis. Failure to pay the premium shall result in termination of healthcare benefits.

6. Funding of Retirement Benefits

The rate of funding of retiree benefits is established annually and announced in the fall Open Enrollment Communication and in the Summary of Retiree Benefits. Both documents can be found online.

7. Retirees Receiving Disability Retirement

Employees approved by the MSRA to receive Accidental Disability benefits are eligible to receive AACPS retiree healthcare benefits regardless of length of service or employment date. Employees approved by the MSRA to receive Ordinary Disability benefits must have at least five (5) years of AACPS service to be eligible for AACPS healthcare. Employees with less than 10 years of employment with AACPS shall receive retiree healthcare benefits at the lowest funding level provided to retirees, based on employment date. Employees with 10 or more years of service receive funding based on employment date as described below.

8. Retirees Hired Prior to September 15, 2002

Employees hired before September 15, 2002 receive funding for medical/prescription and dental coverage at the maximum rate. There is no funding provided for vision benefits.

9. Anne Arundel County Public Schools funds a portion of the premium for medical and dental plans for employees hired prior to September 15, 2002, and all retirees of record prior to September 15, 2002. The rate of funding is established annually and announced in the fall Open Enrollment communication sent to participants and the Summary of Retiree Benefits which is posted on the AACPS web site. No Board funding shall be provided for Vision plan coverage.

10. Anne Arundel County Public Schools funds a portion of the premium for the medical plans for employees hired after September 15, 2002

- a. Employees with less than 10 years of AACPS service do not qualify for retiree healthcare benefits with AACPS upon their departure, except in the case of disability retirement.
- b. Employees with 10 years of AACPS service 4 but less than 15 years of AACPS service shall receive the basic funding for their selected medical plan which includes prescription drug coverage.

- c. Employees with 15 years of AACPS service but less than 20 years of AACPS service shall receive the intermediate funding above the base rate for their selected medical plan which includes prescription drug coverage.
  - d. Employees with 20 or more years of AACPS service shall receive the maximum funding for their selected medical plan which includes prescription drug coverage.
  - e. No Board funding shall be provided for Dental or Vision plan coverage.
11. If an employee has a break in AACPS service prior to retirement, the employee's AACPS service shall be determined by adding together the number of years of service in every period of service. If the break in service is greater than the initial period of service, the funding rate shall be determined based upon the date of rehire.
12. A surviving spouse receiving a survivor annuity, based on the retiree's election of pension payment options 2, 3, 5, or 6, as defined by the Maryland State Retirement and Pension Systems in which the retiree was a member, may continue his/her AACPS retiree healthcare benefits following the spouse's death.
- a. Funding is the same as for the retiree and determined annually.
  - b. Coverage for a surviving spouse may include coverage for qualified dependent children.
  - c. If sufficient, the premium shall be deducted from the survivor annuity payment, otherwise, direct billing may be activated.
  - d. Failure to pay the premium shall result in termination of healthcare benefits.
  - e. If a surviving spouse subsequently remarries, the new spouse is not eligible for AACPS retiree healthcare benefits.
13. The Superintendent reserves the right to adjust eligibility requirements, funding levels, and coverage levels, as necessary, as well as to make an exception to any component of this regulation.

**Regulation History:**      *Developed by Superintendent 09/02/15  
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**Note Previous History:** *Issued 12/06/89, and revised 09/15/02*