

REGULATION

ANNE ARUNDEL COUNTY PUBLIC SCHOOLS

Related Entries: GAO

Responsible Office: OFFICE 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. **Annuity** – a monthly payment paid to the retiree by the MSRA for the lifetime of the retiree.
2. **Consolidated Omnibus Budget Reconciliation Act (COBRA)** – the COBRA 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%.
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. **Dual-Life Annuity** – a pension payment option that provides for a surviving spouse to receive a lifetime benefit from the MSRA after the death of the retiree.
5. **Lifestyle Change** – a change in healthcare coverage brought about by a qualifying lifestyle event in the life of a covered participant, including 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.

6. **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.
7. **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.
8. **Premium** – the cost of healthcare benefits.
9. **Qualified Dependent** – spouse, regardless of gender; children up to age 26; and 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.
10. **Service Retirement** – retirement earned through service and based on the eligibility requirements of the Maryland State Retirement and Pension 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.
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 of Education of Anne Arundel County’s (Board) 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. AACPS service requirements set forth in position 10 of this regulation apply to employees hired after September 15, 2002.
2. The employee shall separate from employment with AACPS by reason of retirement.
3. The employee shall apply to AACPS for retiree healthcare benefits at the time of retirement from AACPS. A retiree may defer enrollment in retiree healthcare if they retire after 15 or more years of service with AACPS. 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 the retiree’s 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 MSRA. 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. 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. 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 shall have at least 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. 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. AACPS 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 website. No Board funding shall be provided for vision plan coverage.
 10. AACPS 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, 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, 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 most recent period of AACPS service shall be at least 5 continuous years of service to be eligible for AACPS retiree healthcare benefits. The funding shall be determined by adding together the number of years of AACPS 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 most recent rehire date.
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 System in which the retiree was a member, may continue their AACPS retiree healthcare benefits following the spouse’s death.
- a. Funding shall be 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: Issued 09/02/15; Technical Edit 06/16/26

Note Previous Regulation History: Issued 12/06/89 and revised 09/15/02; 09/02/15

Legal Reference: None