

SECTION 7. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Article - State Personnel and Pensions**

2-501.

(a) In this subtitle the following terms have the meanings indicated.

(b) (1) "Program" means the State Employee and Retiree Health and Welfare Benefits Program.

(2) "PROGRAM" INCLUDES THE STATE PRESCRIPTION DRUG BENEFIT PLAN.

(c) "Satellite organization" means any organization or entity whose employees are eligible to participate in the State Employee and Retiree Health and Welfare Benefits Program as a separate account.

2-502.

(a) There is a State Employee and Retiree Health and Welfare Benefits Program, to be developed and administered by the Secretary.

(b) (1) The Program:

(i) subject to the regulations adopted under § 2-503 of this subtitle, shall encompass all units in the Executive, Judicial, and Legislative branches of State government, including any unit with an independent personnel system;

(ii) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, shall include the health insurance benefit options established by the Secretary; and

(iii) except as provided in paragraph (2) of this subsection AND SUBSECTION (C) OF THIS SECTION, may include any other benefit option that the Secretary considers appropriate.

(2) The Program may not contain any of the benefits provided under Division II or Title 35 or Title 37 of this article.

(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, IN FISCAL YEARS 2006 AND 2007, THE PROGRAM SHALL PROVIDE THE SAME HEALTH INSURANCE BENEFITS OPTIONS, PRESCRIPTION DRUG BENEFIT OPTIONS, CO-PREMIUMS AND CO-PAYMENTS TO EMPLOYEES AND RETIREES AND THEIR DEPENDENTS AS PROVIDED ON JANUARY 1, 2005.

(2) IN FISCAL YEARS 2006 AND 2007:

(I) THE EMPLOYEE OR RETIREE SHARE OF THE PREMIUM FOR THE EMPLOYEE OR RETIREE AND THEIR DEPENDENTS FOR THE POINT OF SERVICE HEALTH PLAN MAY INCREASE TO 17%;

(II) THE PROGRAM MAY INCLUDE DISEASE MANAGEMENT PROGRAMS;