



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
 BUDGET OFFICE
 One Capitol Hill
 Providence, R.I. 02908-5886

MEMORANDUM

To: The Honorable Raymond E. Gallison, Jr.
 Chairman, House Finance Committee

The Honorable Daniel DaPonte
 Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
 Executive Director/State Budget Officer

Date: April 16, 2015

Subject: Amendments to Article 22 of the FY 2016 Appropriations Act
 (15-H-5900)

The Governor requests that several amendments be made to Article 22, entitled "Relating to Personnel Reform," specifically changes to sections 1, 3, 5, and 6. The changes requested are explained below and Article 22 as amended is attached with highlighted changes.

In Section 1, RIGL § 16-59-22 has been amended to correct a formatting error. Specifically, certain language within Section 1 has been appropriately underlined.

In Section 3, RIGL §§ 36-4-25, 26-4-29 and 36-4-37 have been amended; RIGL §§ 36-4-23 and 36-4-23.1 have been added and amended; and RIGL §§ 36-4-7, 36-4-17.2, 36-4-24, and 36-4-28 have been removed from Article 22.

RIGL § 36-4-25 has been amended so that the current law be restored for all union employees and that the original proposal to eliminate reemployment list preferences will only apply to non-union employees.

RIGL § 36-4-29 has been amended so that the current law be restored for all union employees and that the original proposal to eliminate the requirement that a dismissed promotional employee be restored to his or her former position will only apply to non-union employees.

RIGL § 36-4-37 has been amended so that the current law be restored for all union employees and that the original proposal to reduce layoff preferences will only apply to non-union employees.

RIGL § 36-4-23 has been moved from Section 5 of Article 22 to Section 3 of Article 22. RIGL § 36-4-23 has been amended so that the current law be restored for all union employees and that the

original proposal to eliminate the preferred reemployment list will only apply to non-union employees.

RIGL § 36-4-23.1 has been moved from Section 5 of Article 22 to Section 3 of Article 22. RIGL § 36-4-23.1 has been amended so that the current law be restored for all union employees and that the original proposal to eliminate the entitlement for those employees who resign in good standing of being placed on the preferred reemployment list will only apply to non-union employees.

RIGL § 36-4-7 has been removed from Article 22. This change will restore the current law which provides that the probationary period be six months for non-classified employees. The original Article 22 had proposed that the probationary period be twelve months

RIGL § 36-4-17.2 has been removed from Article 22. This change will restore the current law which provides that longevity payments be frozen as a percentage of pay. The original Article 22 had proposed that longevity payments be frozen as a dollar amount.

RIGL § 36-4-24 has been removed from Article 22. This change will restore the current law which governs the removal of a name from an employment list.

RIGL § 36-4-28 has been removed from Article 22. This change will restore the current law which provides that the probationary period be six months for classified employees. The original Article 22 had proposed that the probationary period be twelve months

In Section 5, RIGL §§ 36-4-23 and 36-4-23.1 have been removed from Section 5 and placed in Section 3. [See Section 3 for changes.] Instead of repealing these sections, they are now being amended as described above.

In Section 6, RIGL § 36-6-22 has been removed from Article 22. This change will restore the current law which provides that longevity payments be frozen as a percentage of pay. The original Article 22 had proposed that longevity payments be frozen as a dollar amount.

If you have any questions regarding this amendment, please feel free to call me or my staff at 222-6300.

TAM: 15-Amend-10
Attachment

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Michael DiBiase, Director of Administration
Jonathan Womer, Director, Office of Management and Budget
Stephen Neuman, Office of the Governor
Kevin Gallagher, Office of the Governor
Amy Moses, Office of the Governor
Gregory Stack, Supervising Budget Analyst

1 Personnel Administration” is hereby amended to read as follows:

2 **§ 36-3-10 Appeals to appeal board.** – (a) The personnel appeal board shall hear
3 appeals:

4 (1) By any person with provisional, probationary, or permanent status in a position in the
5 classified service aggrieved by an action of the administrator of adjudication for the department
6 of administration on matters of personnel administration.

7 (2) By any person with provisional, probationary, or permanent status in a position in the
8 classified service who has been discharged, demoted, suspended, or laid off by any appointing
9 authority.

10 (3) By any person who holds the belief that he or she has been discriminated against
11 because of his or her race, sex, age, disability, or his or her political or religious beliefs in any
12 personnel action.

13 (4) By any person who by the personnel policy of the state of Rhode Island or by
14 contractual agreement with the state of Rhode Island is vested with the right of appeal to the
15 board.

16 (b) Appeals shall be taken in accordance with the provisions of this chapter and chapter 4
17 of this title of the personnel rules provided, however, that the personnel appeal board may dismiss
18 the appeal of a person who has already appealed or seeks to appeal the same matter under
19 provisions of a contractual agreement or other law or regulation.

20 (c) An action of the personnel administrator or an appointing authority which is
21 appealable to the personnel appeal board pursuant to this chapter or chapter 36-4 of this title may
22 be reversed or modified on appeal to the personnel appeal board only if the board finds the action
23 to have been arbitrary, capricious, or contrary to rule or law.

24 SECTION 3. Sections 36-4-2, 36-4-16.5, 36-4-23, 36-4-23.1, 36-4-25, 36-4-29, 36-4-37,
25 and 36-4-42 of the General Laws in Chapter 36-4 entitled “Merit System” are hereby amended to
26 read as follows:

1 **§ 36-4-2 Positions in unclassified service.** – The classified service shall comprise all
2 positions in the state service now existing or hereinafter established, except the following specific
3 positions which with other positions heretofore or hereinafter specifically exempted by legislative
4 act shall constitute the unclassified service:

5 (1) Officers and legislators elected by popular vote and persons appointed to fill
6 vacancies in elective offices.

7 (2) Employees of both houses of the general assembly.

8 (3) Officers, secretaries, and employees of the office of the governor, office of the
9 lieutenant governor, department of state, department of the attorney general, and the treasury
10 department.

11 (4) Members of boards and commissions appointed by the governor, members of the state
12 board of elections and the appointees of the board, members of the commission for human rights
13 and the employees of the commission, and directors of departments.

14 (5) The following specific offices:

15 (i) In the department of administration: director, chief information officer; director of
16 office of management and budget, ~~and~~ director of performance management; and in the health
17 benefits exchange created by executive order 11-09 and funded in the state budget: director,
18 deputy director, administrative assistant, senior policy analyst, chief strategic planning
19 monitoring and evaluation;

20 (ii) In the department of business regulation: director;

21 (iii) In the department of elementary and secondary education: commissioner of
22 elementary and secondary education;

23 (iv) In the department of higher education: commissioner of higher education;

24 (v) In the department of health: director;

25 (vi) In the department of labor and training: director, administrative assistant,
26 administrator of the labor board and legal counsel to the labor board;

- 1 (vii) In the department of environmental management: director;
- 2 (viii) In the department of transportation: director;
- 3 (ix) In the department of human services: director and director of veterans' affairs;
- 4 (x) In the state properties committee: secretary;
- 5 (xi) In the workers' compensation court: judges, administrator, deputy administrator,
- 6 clerk, assistant clerk, clerk secretary;
- 7 (xii) In the division of elderly affairs: director;
- 8 (xiii) In the department of behavioral healthcare, developmental disabilities and hospitals:
- 9 director;
- 10 (xiv) In the department of corrections: director, assistant director (institutions/operations),
- 11 assistant director (rehabilitative services), assistant director (administration), and wardens;
- 12 (xv) In the department of children, youth and families: director, one assistant director,
- 13 one associate director, and one executive director;
- 14 (xvi) In the public utilities commission: public utilities administrator;
- 15 (xvii) In the water resources board: general manager;
- 16 (xviii) In the human resources investment council: executive director.
- 17 (xix) In the office of health and human services: secretary of health and human services.
- 18 (6) Chief of the hoisting engineers, licensing division, and his or her employees;
- 19 executive director of the veterans memorial building and his or her clerical employees.
- 20 (7) One confidential stenographic secretary for each director of a department and each
- 21 board and commission appointed by the governor.
- 22 (8) Special counsel, special prosecutors, regular and special assistants appointed by the
- 23 attorney general, the public defender and employees of his or her office, and members of the
- 24 Rhode Island bar occupying a position in the state service as legal counsel to any appointing
- 25 authority.
- 26 (9) The academic and/or commercial teaching staffs of all state institution schools, with

1 the exception of those institutions under the jurisdiction of the board of regents for elementary
2 and secondary education and the board of governors for higher education.

3 (10) Members of the military or naval forces, when entering or while engaged in the
4 military or naval service.

5 (11) Judges, referees, receivers, clerks, assistant clerks, and clerical assistants of the
6 supreme, superior, family, and district courts, the traffic tribunal, security officers of the traffic
7 tribunal, jurors and any persons appointed by any court.

8 (12) Election officials and employees.

9 (13) Deputy sheriffs and other employees of the sheriffs division within the department
10 of public safety.

11 (14) Patient or inmate help in state charitable, penal, and correctional institutions and
12 religious instructors of these institutions and student nurses in training, residents in psychiatry in
13 training, and clinical clerks in temporary training at the institute of mental health within the state
14 of Rhode Island medical center.

15 (15)(i) Persons employed to make or conduct a temporary and special inquiry,
16 investigation, project or examination on behalf of the legislature or a committee therefor, or on
17 behalf of any other agency of the state if the inclusion of these persons in the unclassified service
18 is approved by the personnel administrator. The personnel administrator shall notify the house
19 fiscal advisor and the senate fiscal advisor whenever he or she approves the inclusion of a person
20 in the unclassified service.

21 (ii) The duration of the appointment of a person, other than the persons enumerated in
22 this section, shall not exceed ninety (90) days or until presented to the department of
23 administration. The department of administration may extend the appointment another ninety (90)
24 days. In no event shall the appointment extend beyond one hundred eighty (180) days.

25 (16) Members of the division of state police within the department of public safety.

26 (17) Executive secretary of the Blackstone Valley district commission.

1 (18) Artist and curator of state owned art objects.

2 (19) Mental health advocate.

3 (20) Child advocate.

4 (21) The position of aquaculture coordinator and marine infrastructure specialist within
5 the coastal resources management council.

6 (22) Employees of the office of the health insurance commissioner.

7 (23) In the department of revenue: the director, secretary, attorney.

8 (24) In the department of public safety: the director.

9 (25) Positions deemed unclassified by the director of administration pursuant to § 36-4-
10 2.2.

11 **§ 36-4-16.5 Certain unclassified positions excluded.** – ~~Sections~~ Section 36-4-16.2 and
12 36-4-16.4 of this chapter shall have no application to those positions enumerated in subdivisions
13 36-4-2(1), 36-4-2(2) and 36-4-2(3), and the department of administration shall have no
14 jurisdiction over the status, tenure or salaries of those said enumerated positions.

15 Section 36-4-16.2 of this chapter shall have no application to state executive department
16 director positions.

17 **§ 36-4-23 Preferred reemployment list.** – Any person in the classified service who is
18 covered by a collective bargaining agreement and holds permanent status and is laid off as a
19 result of reorganization, abolishment of positions by reason of reduction of force due to lack of
20 work or lack of funds shall be placed on the list in the order of length of service and appointment
21 therefrom shall be in the same order.

22 **§ 36-4-23.1 Reemployment lists.** – Any person who is covered by a collective
23 bargaining agreement and holds full status in the classified service and resigns in good standing
24 shall be entitled to have his or her name placed on an appropriate reemployment list, provided
25 that the person so requests in writing within three (3) years of the date of his or her termination
26 from the state service. Any person who is covered by a collective bargaining agreement and holds

1 ~~with~~-full status who has resigned and whose appointing authority has failed to certify that he or
2 she has resigned in good standing or any person who is covered by a collective bargaining
3 agreement and holds ~~with~~-full status who has been dismissed from the classified service may
4 request in writing within three (3) years of the date of his or her termination that his or her name
5 be placed on the appropriate reemployment list and the request may be granted at the discretion of
6 the personnel administrator. Each name placed on a reemployment list shall be stricken therefrom
7 at the expiration of three (3) years from the official termination date.

8 **§ 36-4-25 Designation of appropriate list for filling of vacancies.** – The preferred
9 reemployment list shall have precedence over all other lists for the filling of vacancies of
10 comparable or less comparable positions in state service until the list is exhausted. Vacancies in
11 positions in the classified service shall be filled as far as practicable by promotional
12 appointments. Whenever a vacancy does exist in any position in the classified service, the
13 appointing authority may choose to use either the employment, promotion, or reemployment list
14 to fill the vacancy and shall request the personnel administrator to certify the names of persons
15 eligible for appointment from the designated list; provided, however, that in the event of the
16 reorganization of a department or division, or the abolishment of a position or positions in state
17 service, any classified employee with permanent status who is covered by a collective bargaining
18 agreement affected thereby shall be placed in a comparable position within the department or
19 division. If, however, placement within the department or division is not possible, then the
20 affected employee shall be placed in a comparable position elsewhere in state service. Whenever
21 a position is allocated or reallocated upward, the classified employee with permanent status who
22 is covered by a collective bargaining agreement holding that position shall be given an
23 opportunity to qualify for the allocated or reallocated position by taking a qualifying examination
24 and shall be placed on leave of absence from the old position until the employee has gained status
25 or failed to qualify for the position.

26 **§ 36-4-29 Restoration to former position of promotional appointees dismissed**

1 **during probation.** – Any promotional appointee who is covered by a collective bargaining
2 agreement and is dismissed from the position to which he or she was promoted during the
3 probationary period or at the conclusion thereof by reason of the failure of the appointing
4 authority to file a request for his or her continuance in the position shall be restored to the
5 position from which he or she was promoted even though it should be necessary to lay off a
6 person holding his or her former position.

7 **§ 36-4-37 Layoffs – Preference for retention or reemployment.** –An appointing
8 authority may lay off a classified employee whenever he or she deems it necessary because of a
9 material change in duties or organization, or shortage or stoppage of work or funds. In every case
10 of layoff, the appointing authority shall, before the effective date of the layoff, give written notice
11 of his or her action to the personnel administrator and the employee and shall certify that
12 consideration has been given to length and quality of service of all employees in the affected class
13 under his or her jurisdiction. No employee who is covered by a collective bargaining agreement
14 with full status shall be laid off while probational, provisional, or temporary employees are
15 employed by the same appointing authority in the same class of positions. No probationary
16 employee who is covered by a collective bargaining agreement shall be laid off while provisional
17 or temporary employees are employed by the same appointing authority in the same class of
18 positions. No provisional employee who is covered by a collective bargaining agreement shall be
19 laid off while temporary employees are employed by the same appointing authority in the same
20 class of positions. Nor shall any temporary appointment be made to any position in the class by
21 the appointing authority while any employee who is covered by a collective bargaining agreement
22 and who has been laid off by the appointing authority is available for certification from a
23 reemployment list. Any person who is covered by a collective bargaining agreement and who has
24 held full status and who has been laid off shall have his or her name placed on the appropriate
25 reemployment list.

26 **§ 36-4-42 Appeal from appointing authority to appeal board.** – Any state employee

1 with provisional, probationary, or permanent status who feels aggrieved by an action of an
2 appointing authority resulting in a demotion, suspension, layoff, or dismissal or by any personnel
3 action which an appointing authority might take which causes the person to believe that he or she
4 had been discriminated against because of his or her race, sex, age, disability, or his or her
5 political or religious beliefs, may, within thirty (30) calendar days of the mailing of the notice of
6 that action, appeal in writing to the personnel appeal board for a review or public hearing. Within
7 thirty (30) days after conclusion of the hearing the personnel appeal board shall render a decision
8 and shall notify the affected employee and other interested parties of the decision which ~~may~~
9 ~~confirm or reduce the demotion, suspension, layoff, or dismissal of the employee or may reinstate~~
10 ~~the employee and the board may order payment of part or all of the salary to the employee for the~~
11 ~~period of time he or she was demoted, suspended, laid off, or dismissed.~~ shall affirm the
12 demotion, suspension, layoff, or dismissal of the employee unless the board finds the action of the
13 appointing authority to have been arbitrary, capricious, or contrary to rule or law.

14 The decision of the board shall be final and binding upon all parties concerned, and upon
15 the finding of the personnel administrator, or upon appeal, in favor of the employee, the employee
16 shall be forthwith returned to his or her office or position without loss of compensation, seniority,
17 or any other benefits he or she may have enjoyed, or under such terms as the appeal board shall
18 determine. The employee who is returned to his or her office or position by the appeal board
19 following a review or public hearing shall be granted by the state of Rhode Island counsel fees,
20 payable to his or her representative counsel, of fifty dollars (\$50.00) for each day his or her
21 counsel is required to appear before the appeal board in the behalf of the aggrieved employee.

22 SECTION 4. Chapter 36-4 of the General Laws entitled "Merit System" is hereby
23 amended by adding thereto the following section:

24 **§ 36-4-2.2 Additional positions in unclassified service.** – (a) Whenever a senior
25 agency level position within a state department is created, is vacant or becomes vacant, the
26 director of administration may deem the position unclassified, provided that the individual filling

1 the position has been notified of such classification prior to his or her engagement.

2 (b) For purposes of this section, the term “state department” shall include the departments
3 enumerated by § 42-6-1 and any executive office, such as the executive office of health and
4 human services, provided that the head of the department or executive office is appointed by the
5 governor.

6 (c) For purposes of this section, a “senior agency level position” includes, but is not
7 limited to, classifications in the following functional areas within state service:

8 (1) Director;

9 (2) Deputy director;

10 (3) Executive director;

11 (4) Chief of staff;

12 (5) Chief financial officer;

13 (6) Budget officer;

14 (7) Chief legal counsel;

15 (8) Legislative director;

16 (9) Policy director;

17 (10) Communications director; and

18 (11) Public information officer.

19 (d) In no event shall this section authorize the director of administration to change a
20 position that is unclassified pursuant to § 36-4-2 to a classified position.

21 (e) This section shall only apply to positions that are ineligible for union membership by
22 virtue of their managerial, supervisory, administrative, or confidential status. No reclassification
23 made pursuant to this section shall circumvent the terms and conditions of a valid collective
24 bargaining agreement.

25 (f) Sections 36-4-16.2 and 36-4-16.4 of this chapter shall have no application to those
26 positions deemed unclassified pursuant to this section.

1 (g) The director of administration shall set the compensation for those positions deemed
2 unclassified pursuant to this section.

3 SECTION 5. Section 36-4-16.4 of the General Laws in Chapter 36-4 entitled “Merit
4 System” is hereby repealed.

5 ~~§ 36-4-16.4 Salaries of directors.~~ (a) In the month of March of each year, the
6 department of administration shall conduct a public hearing to determine salaries to be paid to
7 directors of all state executive departments for the following year, at which hearing all persons
8 shall have the opportunity to provide testimony, orally and in writing. In determining these
9 salaries, the department of administration will take into consideration the duties and
10 responsibilities of the aforementioned officers, as well as such related factors as salaries paid
11 executive positions in other states and levels of government, and in comparable positions
12 anywhere which require similar skills, experience, or training. Consideration shall also be given
13 to the amounts of salary adjustments made for other state employees during the period that pay
14 for directors was set last.

15 (b) Each salary determined by the department of administration will be in a flat amount,
16 exclusive of such other monetary provisions as longevity, educational incentive awards, or other
17 fringe additives accorded other state employees under provisions of law, and for which directors
18 are eligible and entitled.

19 (c) In no event will the department of administration lower the salaries of existing
20 directors during their term of office.

21 (d) Upon determination by the department of administration, the proposed salaries of
22 directors will be referred to the general assembly by the last day in April of that year to go into
23 effect thirty (30) days hence, unless rejected by formal action of the house and the senate acting
24 concurrently within that time.

25 SECTION 6. Sections 36-6-3 and 36-6-5 of the General Laws in Chapter 36-6 entitled
26 “Salaries and Traveling Expenses” are hereby amended to read as follows:

1 **§ 36-6-3 Salaries of directors of state departments.** – The general officers of the state
2 shall receive such annual salaries as the general assembly may by law determine. Directors shall
3 receive such annual salaries as may be from time to time established by the unclassified pay plan
4 board which shall consist of seven (7) members as provided in § 36-4-16. determined by the
5 director of administration. The state controller is hereby authorized and directed to draw his or
6 her orders upon the general treasurer for the payment of such sums, or so much thereof, as may be
7 required from time to time, upon receipt by him or her of properly authenticated vouchers.

8 **§ 36-6-5 Manner of compensation prescribed by appropriation law.** – All officials
9 and employees shall be compensated in the manner provided by the annual appropriation act or as
10 may hereafter otherwise be prescribed by law. This section shall not apply to the directors of the
11 several departments of the state of Rhode Island or to the general officers of the state of Rhode
12 Island whose salaries shall be fixed by the general assembly.

13 SECTION 7. Sections 36-12-1, 36-12-2, 36-12-2.2, and 36-12-4 of the General Laws in
14 Chapter 36-12 entitled “Insurance Benefits” are hereby amended to read as follows:

15 **§ 36-12-1 Definitions.** – The following words, as used in §§ 36-12-1 – 36-12-14, shall
16 have the following meanings:

- 17 (1) "Employer", means the state of Rhode Island.
- 18 (2) "Employee", means all persons who are classified employees as the term "classified
19 employee" is defined under § 36-3-3, and all persons in the unclassified and non-classified
20 service of the state; provided, however, that the following shall not be included as "employees"
21 under §§ 36-12-1 – 36-12-14:
 - 22 (i) Part-time personnel whose work week is less than twenty (20) hours a week and
23 limited period and seasonal personnel;
 - 24 (ii) Members of the general assembly, its clerks, doorkeepers, and pages.
- 25 (3) "Dependents" means an employee's spouse, domestic partner and unmarried children
26 under nineteen (19) years of age. Domestic partners shall certify by affidavit to the benefits

1 director of the division of personnel that the (i) partners are at least eighteen (18) years of age and
2 are mentally competent to contract, (ii) partners are not married to anyone, (iii) partners are not
3 related by blood to a degree which would prohibit marriage in the state of Rhode Island, (iv)
4 partners reside together and have resided together for at least one year, (v) partners are financially
5 interdependent as evidenced by at least two (2) of the following: (A) domestic partnership
6 agreement or relationship contract; (B) joint mortgage or joint ownership of primary residence,
7 (C) two (2) of: (I) joint ownership of motor vehicle; (II) joint checking account; (III) joint credit
8 account; (IV) joint lease; and/or (D) the domestic partner has been designated as a beneficiary for
9 the employee's will, retirement contract or life insurance. Misrepresentation of information in the
10 affidavit will result in an obligation to repay the benefits received, and a civil fine not to exceed
11 one thousand dollars (\$1000) enforceable by the attorney general and payable to the general fund.
12 The employee will notify the benefits director of the division of personnel by completion of a
13 form prescribed by the benefits director when the domestic partnership ends.

14 (4) "Retired employee", means all persons retired from the active service of the state,
15 who, immediately prior to retirement, were employees of the state as determined by the
16 retirement board under § 36-8-1, and also all retired teachers who have elected to come under the
17 employees' retirement system of the state of Rhode Island.

18 (5) "State retiree", means all persons retired from the active service of the state who,
19 immediately prior to retirement, were employees of the state as determined by the retirement
20 board under § 36-8-1.

21 (6) "Teacher retiree", means all retired teachers who have elected to come under the
22 employees' retirement system of the state of Rhode Island.

23 (7) "Long-term health care insurance", means any insurance policy or rider advertised,
24 marketed, offered, or designed to provide coverage for not less than twelve (12) consecutive
25 months for each covered person on an expense incurred, indemnity, prepaid, or other basis for
26 one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative,

1 maintenance, or personal care services, provided in a setting other than an acute care unit of a
2 hospital. The term includes: group and individual policies or riders whether issued by insurers,
3 fraternal benefit societies, nonprofit health, hospital, and medical service corporations; prepaid
4 health plans, health maintenance organizations; or any similar organization. Long-term health
5 care insurance shall not include: any insurance policy which is offered primarily to provide basic
6 medicare supplement coverage; basic hospital expense coverage; basic medical-surgical expense
7 coverage; hospital confinement indemnity coverage; major medical expense coverage; disability
8 income protection coverage; accident only coverage; specified disease or specified accident
9 coverage; or limited benefit health coverage. This list of excluded coverages is illustrative and is
10 not intended to be all inclusive.

11 (8) "Non-Medicare-eligible retiree health care insurance", means the health benefit
12 employees who retire from active service of the state (subsequent to July 1, 1989), who
13 immediately prior to retirement were employees of the state as determined by the retirement
14 board pursuant to § 36-8-1, shall be entitled to receive until attaining Medicare eligibility. ~~This~~
15 ~~health care insurance shall be equal to semi-private hospital care, surgical/medical care and major~~
16 ~~medical with a one hundred seventy five dollar (\$175) calendar year deductible. The~~
17 ~~above mentioned program will be provided on a shared basis in accordance with § 36-12-4.~~

18 (9) "Medicare-eligible retiree health care insurance", means the health benefit employees
19 who retire from active service of the state (subsequent to July 1, 1989), who immediately prior to
20 retirement were employees of the state as determined by the retirement board pursuant to § 36-8-
21 1, shall have access to when eligible for Medicare. This health care insurance shall include plans
22 providing hospital care, surgical/medical services, rights and benefits which, when taken together
23 with their federal Medicare program benefits, 42 U.S.C. § 1305 et seq., shall be comparable to
24 those provided for retirees prior to the attainment of Medicare eligibility.

25 (10) "Health reimbursement arrangement", or "HRA" means an account that:

26 (i) Is paid for and funded solely by state contributions;

1 (ii) Reimburses a Medicare-eligible state retiree for medical care expenses as defined in §
2 213(d) of the Internal Revenue Code of 1986, as amended, which includes reimbursements for
3 health care insurance premiums;

4 (iii) Provides reimbursements up to a maximum dollar amount for a coverage period; and

5 (iv) Provides that any unused portion of the maximum dollar amount at the end of a
6 coverage period is carried forward to increase the maximum reimbursement amount in
7 subsequent coverage periods.

8 **§ 36-12-2 Hospital care and surgical-medical service benefits.** – (a) Employees of the
9 state of Rhode Island shall receive, in addition to wages, salaries, and any other remuneration or
10 benefits, hospital care and surgical-medical services, rights, and benefits purchased by the
11 director of administration pursuant to § 36-12-6, ~~with the specific condition that the benefits and~~
12 ~~services provided by the carrier(s) will be substantially equivalent to those set forth in any~~
13 ~~collective bargaining agreement(s) executed between the state of Rhode Island and authorized~~
14 ~~representatives of the unions representing state employees or the health care coverage presently~~
15 ~~being provided.~~

16 (b) The state will work diligently with leadership of organized labor in order to ensure
17 competitive, cost effective health care services for all employees of the state who may be eligible
18 for those benefits.

19 (c) Any new plan must accept pre-existing conditions for those individuals who will be
20 covered by the new policy.

21 (d) Part-time employees whose work week is less than twenty (20) hours a week may
22 purchase the benefits set forth above. The employees shall pay the same rate for the benefits as
23 the group rate paid by the state for the benefits. Payments for the benefits may be deducted in
24 accordance with the provisions of § 36-12-3.

25 **§ 36-12-2.2 Disabled retired employees – Hospital care and surgical-medical service**
26 **benefits.** – Notwithstanding any other provision of the law to the contrary, an employee of the

1 state of Rhode Island who retires under the provisions of title 36 of the Rhode Island general laws
2 with a disability pension benefit shall receive only the following state-sponsored health care and
3 subsidies:

4 (1) Disabled retired employees who retire on or before September 30, 2008, and who are
5 at least sixty (60) years of age as of September 30, 2008.

6 (i) Any disabled retired employee of the state of Rhode Island who retires on or before
7 September 30, 2008, and is at least sixty (60) years of age as of September 30, 2008, will be
8 eligible until age sixty-five (65) to continue to purchase hospital care and surgical-medical
9 service benefits ~~as set forth in § 36-12-2 and as are received by classified employees.~~
10 Furthermore, if he/she retired subsequent to July 1, 1989, he/she shall receive for himself or
11 herself a subsidy on the individual medical plan in accordance with the following formula until
12 attaining age sixty-five (65):

13	Years of Service	State's Share	Employee's Share
14	10-15	50%	50%
15	16-22	70%	30%
16	23-27	80%	20%
17	28+	100%	0%

18 (ii) Any disabled retired employee of the state of Rhode Island who retires on or before
19 September 30, 2008, and is at least sixty-five (65) years of age as of September 30, 2008, will be
20 eligible to continue to purchase hospital care and surgical-medical service benefits ~~as set forth in~~
21 ~~§ 36-12-2 and as are received by classified employees.~~ Furthermore, if he/she retired subsequent
22 to July 1, 1989, he/she shall receive for himself or herself a subsidy on his or her individual
23 medical plan in accordance with the following formula applied to the cost of the Medicare
24 supplemental plan:

25	Years of Service	State's Share	Employee's Share
26	10-15	50%	50%

1	16-19	70%	30%
2	20-27	90%	10%
3	28+	100%	0%

4 (iii) Payment for the coverage shall be based on the group rate used by the state for non-
5 Medicare eligible retirees at the same group rate used by the state in making payment for state
6 employees.

7 (2) Disabled retired employees who retire after September 30, 2008, or are under sixty
8 (60) years of age on September 30, 2008. Any disabled retired employee of the state of Rhode
9 Island who retires after September 30, 2008, or any disabled retired employee of the state of
10 Rhode Island who is under sixty (60) years of age on September 30, 2008, will be eligible to
11 receive state-sponsored medical coverage and subsidies as follows:

12 (i) If the retiree is under fifty-nine (59) years of age, the retiree shall have the right to
13 purchase hospital care and surgical-medical service benefits ~~as set forth in § 36-12-2 and as are~~
14 ~~received by classified employees.~~ Payment for the coverage shall be based on the group rate used
15 by the state for non-Medicare eligible retirees at the same group rate used by the state in making
16 payment for state employees.

17 (ii) Furthermore, if the retiree is under fifty-nine (59) years of age, and retired after July
18 1, 1989, and before September 30, 2008, and the retiree had a minimum of twenty-eight (28)
19 years of total service, he/she shall receive for himself or herself a ninety percent (90%) subsidy
20 on the individual medical plan until attaining age fifty-nine (59).

21 (iii) At age fifty-nine (59) the retiree and his/her dependents shall be eligible only for
22 enrollment in the medical plans available to non-disabled state employee retirees. If the retiree
23 has a minimum of ten (10) years of contributory service, and up to twenty (20) years of total
24 service, the retiree will be eligible for a fifty percent (50%) state subsidy on the cost of the
25 individual retiree medical plan. If the retiree has a minimum of ten (10) years of contributory
26 service, and twenty (20) years or more of total service, the retiree will be eligible for an eighty

1 percent (80%) state subsidy on the cost of the individual retiree medical plan. The retiree is
2 responsible for full payment for any additional dependent plans.

3 (3) Disabled retired employees who retire after September 30, 2008, or are under sixty-
4 five (65) years of age on September 30, 2008. Any disabled retired employee of the state of
5 Rhode Island who retires after September 30, 2008, or any disabled retired employee of the state
6 of Rhode Island who is under sixty-five (65) years of age on September 30, 2008, will be eligible
7 to receive only the following state-sponsored medical coverage and subsidies upon attaining age
8 sixty-five (65):

9 (i) If the retiree is eligible for Medicare at age sixty-five (65), the retiree and spouse shall
10 enroll in a state-sponsored Medicare supplemental plan.

11 (ii) If a retiree is not eligible for Medicare at age sixty-five (65), the retiree may remain in
12 the same medical plan that the retiree was enrolled in prior to attaining age sixty-five (65).

13 (iii) If the retiree has a minimum of ten (10) years of contributory service, and up to
14 twenty (20) years of total service, the retiree will receive a fifty percent (50%) state subsidy based
15 on the cost of the individual Medicare supplemental plan. If the retiree has a minimum of ten (10)
16 years of contributory service and twenty (20) years or more of total service, the retiree will be
17 eligible for an eighty percent (80%) state subsidy based on the cost of the individual Medicare
18 supplemental plan. The retiree is responsible for full payment for any additional dependent plans.

19 (4) Payments for retiree and dependent medical coverage ~~shall~~ may, at the discretion of
20 the director of the department of administration or his or her designee, be deducted from the
21 purchaser's retirement benefits received pursuant to chapter 10 of this title.

22 **§ 36-12-4 Coverage of Non-Medicare-eligible retired employees.** – (a) *Non-*
23 *Medicare-eligible retired employees who retired on or before September 30, 2008.* Any retired
24 employee who retired on or before September 30, 2008 shall be entitled, until attaining Medicare
25 eligibility, to be covered under §§ 36-12-1 – 36-12-5 for himself and herself and, if he or she so
26 desires, his or her non-Medicare-eligible dependents, upon agreeing to pay the total cost of his or

1 her contract based on the group rate for non-Medicare eligible retirees at the group rate for active
 2 state employees. Payments of any non-Medicare-eligible retired employee for coverage shall
 3 may, at the discretion of the director of the department of administration or his or her designee, be
 4 deducted from his or her retirement allowance and remitted from time to time in payment for such
 5 contract. In addition, any retired employee who retired on or before September 30, 2008 shall be
 6 permitted to purchase coverage for his or her non-Medicare-eligible dependents upon agreeing to
 7 pay the additional cost of the contract based on the group rate for non-Medicare eligible retirees
 8 at the group rate for active state employees. Payment for coverage for these dependents shall
 9 may, at the discretion of the director of the department of administration or his or her designee, be
 10 deducted from his or her retirement allowances and remitted as required in payment for the
 11 contract.

12 *(b) Non-Medicare-eligible state retirees who retired subsequent to July 1, 1989, and on*
 13 *or before September 30, 2008.* Non-Medicare-eligible state retirees who retired subsequent to
 14 July 1, 1989, and on or before September 30, 2008, from active service of the state, and who were
 15 employees of the state as determined by the retirement board under § 36-8-1, shall be entitled to
 16 receive for himself or herself non-Medicare-eligible a retiree health care insurance benefit as
 17 described in § 36-12-1 in accordance with the following formula:

18	Years of Service	Age at Retirement	State's Share	Employee's Share
19	10-15	60	50%	50%
20	16-22	60	70%	30%
21	23-27	60	80%	20%
22	28+	--	90%	10%
23	28+	60	100%	0%
24	35+	any	100%	0%

25 If the retired employee is receiving a subsidy on September 30, 2008, the state will
 26 continue to pay the same subsidy share until the retiree attains age sixty-five (65).

1 Until December 31, 2013, when the state retiree reaches that age which will qualify him
2 or her for Medicare supplement, the formula shall be:

3 Years of Service	State's Share	Employee's Share
4 10-15	50%	50%
5 16-19	70%	30%
6 20-27	90%	10%
7 28+	100%	0%

8 (c) Non-Medicare-eligible retired employees who retire on or after October 1, 2008.

9 Any retired employee who retires on or after October 1, 2008 shall be entitled, until attaining
10 Medicare eligibility, to be covered under §§ 36-12-1 – 36-12-5 for himself and herself and, if he
11 or she so desires, his or her non-Medicare-eligible dependents, upon agreeing to pay the total cost
12 of the contract in the plan in which he or she enrolls. Payments of any non-Medicare-eligible
13 retired employee for coverage ~~shall~~ may, at the discretion of the director of the department of
14 administration or his or her designee, be deducted from his or her retirement allowance and
15 remitted from time to time in payment for such contract. Any retired employee who retires on or
16 after October 1, 2008, shall be permitted to purchase coverage for his or her non-Medicare-
17 eligible dependents upon agreeing to pay the additional cost of the contract at the group rate for
18 the plan in which the dependent is enrolled. Payment for coverage for dependents ~~shall~~ may, at
19 the discretion of the director of the department of administration or his or her designee, be
20 deducted from the retired employee's retirement allowances and remitted as required in payment
21 for the contract. ~~The Director of Administration shall develop and present to the chairpersons of~~
22 ~~the House Finance Committee and the Senate Finance Committee by May 23, 2008 a retiree~~
23 ~~health plan option or options to be offered to retirees eligible for state sponsored medical~~
24 ~~coverage who are under age sixty-five (65) or are not eligible for Medicare. This plan will have a~~
25 ~~reduced benefit level and will have an actuarially based premium cost not greater than the~~
26 ~~premium cost of the plan offered to the active state employee population. This new plan option~~

1 ~~will be available to employees retiring after September 30, 2008, and their dependents.~~

2 *(d) Non-Medicare-eligible state retirees who retire on or after October 1, 2008.* Non-
3 Medicare-eligible state retirees who retire on or after October 1, 2008 from active service of the
4 state, and who were employees of the state as determined by the retirement board under § 36-8-1,
5 and who have a minimum of twenty (20) years of service, and who are a minimum of fifty-nine
6 (59) years of age, shall be entitled to receive for himself or herself a non-Medicare-eligible retiree
7 health care insurance benefit as described in § 36-12-1. The state will subsidize 80% of the cost
8 of the health insurance plan for individual coverage in which the state retiree is enrolled in.
9 Payments for coverage ~~shall~~ may, at the discretion of the director of the department of
10 administration or his or her designee, be deducted from his or her retirement allowance and
11 remitted from time to time in payment for such contract.

12 *(e) Medicare-eligible state retirees who retire on or after October 1, 2008.* Until
13 December 31, 2013, the state shall subsidize eighty percent (80%) of the cost of the Medicare-
14 eligible health insurance plan for individual coverage in which the state retiree is enrolled,
15 provided the employee retired on or after October 1, 2008; has a minimum of twenty (20) years of
16 service; and is a minimum of fifty-nine (59) years of age. Payments for coverage ~~shall~~ may, at the
17 discretion of the director of the department of administration or his or her designee, be deducted
18 from his or her retirement allowance and remitted from time to time in payment for such health
19 insurance plan.

20 (f) Retired employees, including retired teachers, who are non-Medicare-eligible and
21 who reach the age of sixty-five (65) shall be allowed to continue to purchase group health care
22 insurance benefits in the same manner as those provided to retired employees who have not
23 reached the age of sixty-five (65).

24 SECTION 8. This article shall take effect upon passage, except for Section 1 which shall
25 take effect on passage for new employees hired after July 1, 2015 and shall take effect on
26 September 1, 2015 for existing classified employees.