

**MEMORANDUM**

January 31, 2014

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Introduction:** Bill 14-14, Contracts and Procurement – Wage Requirements – Health Insurance - Amendments

Bill 14-14, Contracts and Procurement – Wage Requirements – Health Insurance - Amendments, sponsored by Councilmembers Navarro, Berliner, Riemer and Elrich, is scheduled to be introduced on February 4. A public hearing is tentatively scheduled for February 25 at 1:30 p.m.

Bill 14-14 would:

- require certain County contractors or subcontractors to provide health insurance or a cash equivalent for employees who perform work on a County contract;
- limit the employee's share of the health insurance premium for certain employees working on a County contract; and
- eliminate the credit against the wage requirements for the employer's share of health insurance for certain employees working on a County contract.

**Background**

Bill 5-02, Procurement – Service Contracts – Wage Requirements, was enacted by the Council on June 11, 2002 and signed into law by the County Executive on June 20, 2002. This law is codified at §11B-33A of the County Code. The Living Wage Law requires certain businesses which provide services (but not goods) to the County to pay employees working on a County contract a minimum living wage that was originally set at \$10.50 per hour effective July 1, 2003. The law requires the Chief Administrative Officer to adjust this rate each July 1 by the annual average increase, if any, in the Consumer Price Index for all urban consumers for the Washington-Baltimore metropolitan area. The current living wage is \$13.95 per hour. The Living Wage Law does not require employers to provide health insurance, but employers are given credit toward the wage rate for the cost of any health insurance provided.

Bill 14-14 would eliminate the health insurance credit and require County contractors subject to the Living Wage Law to provide health insurance or a cash equivalent for employees who work on the County contract. The Bill would also require that the health insurance be affordable and provide the minimum essential health benefits required by the Federal Patient Protection and Affordable Care Act.

This packet contains:

Bill 14-14

Legislative Request Report

Circle #

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F:\LAW\BILLS\1414 Wage Requirements - Health Insurance\Intro Memo.Doc

Bill No. 14-14  
Concerning: Contracts and Procurement  
- Wage Requirements - Health  
Insurance - Amendments  
Revised: December 18, 2013 Draft No. 8  
Introduced: February 4, 2014  
Expires: August 4, 2015  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Councilmembers Navarro, Berliner, Riemer and Elrich

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**AN ACT** to:

- (1) require certain County contractors or subcontractors to provide health insurance or a cash equivalent for certain employees working on a County contract;
- (2) limit the employee's share of the health insurance premium for certain employees working on a County contract;
- (3) eliminate the credit against the wage requirements for the employer's share of health insurance for certain employees working on a County contract; and
- (3) generally amend the law governing wage requirements for County contractors and subcontractors.

By amending

Montgomery County Code  
Chapter 11B, Contracts and Procurement  
Article VI, Wage Requirements  
Section 11B-33A

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*





## LEGISLATIVE REQUEST REPORT

Bill 14-14

*Contracts and Procurement – Wage Requirements – Health Insurance - Amendments*

**DESCRIPTION:** Bill 14-14 would require a contractor to provide health insurance for each employee who performs work on a County contract or a cash equivalent. The Bill would also eliminate the credit against the wage requirements for the employer's share of health insurance.

**PROBLEM:** Many County contractors do not provide health insurance for their employees.

**GOALS AND OBJECTIVES:** The goal is to increase the number of County residents who have health insurance.

**COORDINATION:** Procurement, County Attorney

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Robert H. Drummer, 240-777-7895

**APPLICATION WITHIN MUNICIPALITIES:** Not applicable.

**PENALTIES:** Contractual remedies.