

# Legislative Analysis

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## **ELIMINATE RETIREE HEALTH BENEFITS FOR LEGISLATORS ELECTED AFTER 2006**

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**House Bill 4194**

**Sponsor: Rep. Dian Slavens**

**Committee: Government Operations**

**Complete to 7-13-09**

### **A SUMMARY OF HOUSE BILL 4194 AS INTRODUCED 2-5-09**

The bill would amend the Michigan Legislative Retirement System Act so that only legislators elected before January 1, 2007 would be eligible for retiree health insurance coverage.

Currently, generally speaking, a legislator vests in the health insurance portion of retirement benefits after serving six years (the maximum allowable years of service in House of Representative under term limits). The retiree health insurance coverage becomes available when the individual reaches 55 years of age.

MCL 38.1075

### **FISCAL IMPACT:**

While the bill would have no immediate fiscal impact on the State, it would create a future indeterminate savings to the Michigan Legislative Retirement System (MLRS) by eliminating health care benefits to members of the Legislature elected after January 1, 2007. In FY 2007-08, the MLRS spent \$4.72 million to provide health and dental benefits to 341 retired members and their dependents. Of that total, members contributed approximately 2.8% and the State paid the remaining costs. The bill would provide long term savings by incrementally reducing and eventually eliminating the costs of health care benefits for members of the Legislature as the number of members in the closed system decreased over time.

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