



**House
Legislative
Analysis
Section**

Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

SERS: MILITARY RETIRANTS

AS ENROLLED

**House Bill 4368 (Substitute H-1)
First Analysis (9-19-96)**

**Sponsor: Rep. Frank M. Fitzgerald
Committee: Appropriations**

THE APPARENT PROBLEM:

Since 1974, Michigan has paid the premiums for hospitalization and medical insurance for military retirees, as provided under the State Employees Retirement Act. This act was amended in 1987 (by Public Act 241) to specify that, effective January 1, 1988, the state would pay 90 percent of the premium for state retirees for dental and vision coverage for plans approved by the Civil Service Commission and the Department of Management and Budget. However, the Michigan Military Act contains two sections of law covering "special duty" military retirees, and these sections were apparently inadvertently left out of the definition of state employees who were eligible for the dental and vision coverage under Public Act 241 of 1987. This affects a small number of military retirees. Legislation has been introduced to correct this oversight.

THE CONTENT OF THE BILL:

The State Employees Retirement Act currently provides for hospitalization and medical coverage insurance premiums to be paid out of the pension reserve fund, and for 90 percent of the premium payable for such persons' dental or vision coverage to be paid out of the dental-vision reserve fund. The bill would amend the act to specify that someone who retired under two sections of the Michigan Military Act, which grants retirement benefits to certain military personnel and their eligible spouses, would be considered a "retirant" for purposes of qualifying for hospital/medical insurance coverage and dental/vision benefits as specified in the State Employees Retirement Act.

MCL 38.20d

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill has no fiscal implications. (7-10-96)

According to the Department of Military Affairs, the bill would result in costs of about \$9,000 per year, which "can be readily absorbed by the department". (6-25-96)

ARGUMENTS:

For:

According to the Department of Military Affairs, a small group of military retirees and surviving spouses were inadvertently overlooked when state employee retirees were granted dental and vision coverage. The bill would affect only 16 retirees and survivors, at a cost of only about \$9,000 annually. The cost will be borne by the department, and will not affect the retirement system.

POSITIONS:

The Department of Military Affairs supports the bill. (6-25-96)

The Department of Management and Budget supports the bill. (1-24-96)

Analyst: T. Iversen/D. Martens

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

House Bill 4368 (9-19-96)