

SENATE BILL No. 1242

May 3, 2000, Introduced by Senators GAST and HOFFMAN and referred to the Committee on Appropriations.

A bill to amend 1986 PA 182, entitled "State police retirement act of 1986," by amending sections 14 and 42 (MCL 38.1614 and 38.1642), as amended by 1989 PA 191.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14. (1) The funding objective of the retirement system
2 is to establish and receive contributions during each fiscal year
3 that are sufficient to fully cover the actuarial cost of benefits
4 likely to be paid on account of services rendered by members
5 during the fiscal year, the normal cost requirements of the
6 retirement system, and finance the unfunded actuarial costs of
7 benefits likely to be paid on account of service rendered prior
8 to the fiscal year, the unfunded actuarial accrued liability of
9 the retirement system, and health, dental, and vision insurance.

1 (2) The annual level percentage of payroll contribution rate
2 shall be actuarially determined using experience assumptions and
3 level percent of payroll actuarial cost methods adopted by the
4 retirement board and the department pursuant to an annual actuar-
5 ial valuation, which shall be sufficient to finance benefits
6 being provided and to be provided by the retirement system.

7 (3) IF THE ACTUARIAL VALUATION PREPARED PURSUANT TO THIS
8 SECTION FOR EACH FISCAL YEAR DEMONSTRATES THAT AS OF THE BEGIN-
9 NING OF A FISCAL YEAR, AND AFTER ALL CREDITS AND TRANSFERS
10 REQUIRED BY THIS ACT FOR THE PREVIOUS FISCAL YEAR HAVE BEEN MADE,
11 THE SUM OF THE ACTUARIAL VALUE OF ASSETS AND THE ACTUARIAL
12 PRESENT VALUE OF FUTURE NORMAL COST CONTRIBUTIONS EXCEEDS THE
13 ACTUARIAL PRESENT VALUE OF BENEFITS, THE AMOUNT BASED ON THE
14 ANNUAL LEVEL PERCENT OF PAYROLL CONTRIBUTION RATE PURSUANT TO
15 SUBSECTIONS (1) AND (2) MAY BE DEPOSITED INTO THE HEALTH ADVANCE
16 FUNDING SUBACCOUNT CREATED BY SECTION 42.

17 Sec. 42. (1) Hospitalization and medical coverage insurance
18 premiums payable by a retirant or his or her retirement allowance
19 beneficiary and his or her dependents under any group health plan
20 authorized by the Michigan civil service commission and the
21 department shall be paid in amounts provided by this subsection
22 from appropriations for this purpose made to the retirement
23 system. Until October 1, 1989, the amount payable by the retire-
24 ment system shall be 90% of the entire monthly premium payable
25 for hospitalization and medical coverage insurance. Beginning
26 October 1, 1989, the amount payable by the retirement system

1 shall be 95% of the entire monthly premium payable for
2 hospitalization and medical coverage insurance.

3 (2) Effective October 1, 1989, dental coverage and vision
4 coverage insurance premiums payable by a retirant or his or her
5 retirement allowance beneficiary and his or her dependents under
6 any group health plan authorized by the Michigan civil service
7 commission and the department shall be paid in amounts provided
8 by this subsection from appropriations for this purpose made to
9 the retirement system. The amount payable by the retirement
10 system shall be 90% of the entire monthly premium payable for
11 dental coverage and vision coverage insurance.

12 (3) The health-dental-vision benefits fund is created and
13 shall be the fund into which appropriations of the state for
14 health, dental, and vision benefits are paid. Benefits payable
15 pursuant to subsections (1) and (2) shall be payable from the
16 health-dental-vision benefits fund. THE ASSETS AND ANY EARNINGS
17 ON THE ASSETS CONTAINED IN THE HEALTH-DENTAL-VISION BENEFITS FUND
18 AND THE HEALTH ADVANCE FUNDING SUBACCOUNT ARE NOT TO BE TREATED
19 AS PENSION ASSETS FOR ANY PURPOSE.

20 (4) THE HEALTH ADVANCE FUNDING SUBACCOUNT IS THE ACCOUNT TO
21 WHICH AMOUNTS TRANSFERRED PURSUANT TO SECTION 14(3) ARE
22 CREDITED. ANY AMOUNTS RECEIVED FROM THE HEALTH ADVANCE FUNDING
23 SUBACCOUNT AND ACCUMULATED EARNINGS ON THOSE AMOUNTS SHALL NOT BE
24 EXPENDED UNTIL THE ACTUARIAL ACCRUED LIABILITY FOR HEALTH BENE-
25 FITS UNDER THIS SECTION IS AT LEAST 100% FUNDED. THE DEPARTMENT
26 MAY EXPEND FUNDS OR TRANSFER FUNDS TO ANOTHER ACCOUNT TO EXPEND
27 FOR HEALTH BENEFITS UNDER THIS SECTION IF THE ACTUARIAL ACCRUED

1 LIABILITY FOR HEALTH BENEFITS UNDER THIS SECTION IS AT LEAST 100%
2 FUNDED.

3 (5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, THE
4 DEPARTMENT MAY TRANSFER AMOUNTS FROM THE HEALTH ADVANCE FUNDING
5 SUBACCOUNT TO THE RESERVE FOR EMPLOYER CONTRIBUTIONS CREATED BY
6 SECTION 16 IF THE ACTUARIAL VALUATION PREPARED PURSUANT TO SEC-
7 TION 14 DEMONSTRATES THAT AS OF THE BEGINNING OF A FISCAL YEAR,
8 AND AFTER ALL CREDITS AND TRANSFERS REQUIRED BY THIS ACT FOR THE
9 PREVIOUS FISCAL YEAR HAVE BEEN MADE, THE SUM OF THE ACTUARIAL
10 VALUE OF ASSETS AND THE ACTUARIAL PRESENT VALUE OF FUTURE NORMAL
11 COST CONTRIBUTIONS DOES NOT EXCEED THE ACTUARIAL PRESENT VALUE OF
12 BENEFITS.