

HOUSE BILL No. 6245

June 17, 2008, Introduced by Reps. Wenke, Huizenga, Hammel and Rick Jones and referred to the Committee on Oversight and Investigations.

A bill to amend 1957 PA 261, entitled "Michigan legislative retirement system act," by amending sections 22c, 50b, and 75 (MCL 38.1022c, 38.1050b, and 38.1075), section 22c as amended by 2002 PA 97 and sections 50b and 75 as amended by 1998 PA 501.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 22c. (1) The health insurance fund is created in the
2 retirement system. The retirement system shall deposit into the
3 health insurance fund the member contributions for health benefits
4 required by this section, subscriber co-payments, payments under
5 section 79, regular interest from the income fund, and state
6 appropriations. The retirement system shall disburse from the
7 health insurance fund the premiums or portion of the premiums for

1 dental, hospital, and medical coverage insurance as required by
2 sections 50b and 79.

3 (2) Except as otherwise provided in this subsection, a member
4 shall make contributions to the health insurance fund of ~~1% of each~~
5 ~~payment of salary received that is attributable to service~~
6 ~~performed on and after January 1, 1995. Beginning on the effective~~
7 ~~date of section 36a, a member who first became a member of Tier 1~~
8 ~~on or before January 1, 1995 shall make contributions to the health~~
9 ~~insurance fund of 9% of each payment of salary received by the~~
10 ~~member for service as a member. Beginning on the effective date of~~
11 ~~section 36a, a member who first became a member of Tier 1 after~~
12 ~~January 1, 1995 shall make contributions to the health insurance~~
13 ~~fund of 7% of each payment of salary received by the member for~~
14 ~~service as a member. The increased contributions required under~~
15 ~~this subsection by the amendatory act that added section 36a will~~
16 ~~continue unless suspended by the board under section 36a~~ **25% OF THE**
17 **PREMIUM COST OF PROVIDING THE RETIREMENT HEALTH CARE.** The
18 contributions shall be made by payroll deductions and each member
19 is considered to consent to the deductions as a condition of
20 membership in the retirement system.

21 (3) Except as otherwise provided by this act, membership
22 contributions to the health insurance fund are not refundable.

23 Sec. 50b. (1) For a retirant or a survivor or beneficiary of a
24 deceased retirant, or for a deferred vested member if that deferred
25 vested member first became a member on or before January 1, 1995,
26 the retirement system shall purchase and pay the premium for
27 hospitalization and medical insurance coverage and dental and

1 vision coverage for the retirant, deferred vested member, and the
2 spouses, eligible children, and survivors of those retirants and
3 deferred vested members. Except as otherwise provided in this
4 section, the retirement system shall provide hospitalization and
5 medical insurance coverage and dental and vision insurance coverage
6 under this section at a level that is equal to or greater than the
7 level of insurance coverage under this section in effect on
8 December 1, 1992. The retirement board may increase the amounts
9 each person who is enrolled in insurance coverage under this
10 section is required to pay for co-pays or deductibles under that
11 insurance coverage.

12 (2) On and after March 31, 1997, the retirement system shall
13 also pay health insurance premiums described in this section in the
14 manner prescribed in section 79.

15 **(3) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
16 **ADDED THIS SUBSECTION, THE AMOUNTS EACH PERSON WHO IS ENROLLED IN**
17 **INSURANCE COVERAGE UNDER THIS SECTION SHALL CONTRIBUTE SHALL BE NO**
18 **LESS THAN 25% OF THE COST OF PROVIDING RETIREMENT HEALTH CARE**
19 **COVERAGE.**

20 Sec. 75. (1) A qualified participant is immediately 100%
21 vested in his or her contributions made to Tier 2. A qualified
22 participant shall vest in the employer contributions made on his or
23 her behalf to Tier 2 according to the following schedule:

24 (a) Upon completion of 2 years of service, 50%.

25 (b) Upon completion of 3 years of service, 75%.

26 (c) Upon completion of 4 years of service, 100%.

27 (2) A qualified participant is vested in the health insurance

1 coverage provided in section 79 if the qualified participant meets
2 1 of the following requirements:

3 (a) The qualified participant has completed 6 years of service
4 as a qualified participant and was not a member, deferred vested
5 member, or former nonvested member of Tier 1.

6 (b) The qualified participant was a member, deferred vested
7 member, or former nonvested member of Tier 1 who made an election
8 to participate in Tier 2 pursuant to section 61, and who has met
9 the service requirements he or she would have been required to meet
10 in order to vest in health benefits under section 50b.

11 (c) The qualified participant meets all of the following
12 requirements:

13 (i) Was not a member, deferred vested member, or former
14 nonvested member of Tier 1.

15 (ii) Was first elected to fill a vacancy in the house of
16 representatives for a period less than the full term but more than
17 1/2 of the term of office.

18 (iii) Has completed 5 years of service as a qualified
19 participant.

20 (iv) **PAYS NO LESS THAN 25% OF THE COSTS OF PROVIDING RETIREMENT**
21 **HEALTH CARE.**