

# SENATE BILL No. 133

January 29, 2009, Introduced by Senators KUIPERS, VAN WOERKOM, KAHN, BROWN, CROPSEY, PAPPAGEORGE, JANSEN, HARDIMAN, RICHARDVILLE and GARCIA and referred to the Committee on Government Operations and Reform.

A bill to amend 1957 PA 261, entitled "Michigan legislative retirement system act," by amending sections 50b, 75, and 79 (MCL 38.1050b, 38.1075, and 38.1079), sections 50b and 75 as amended by 1998 PA 501 and section 79 as amended by 2006 PA 614, and by adding section 79a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 50b. (1) For a retirant or a survivor or beneficiary of a  
2       deceased retirant, or for a deferred vested member if that deferred  
3       vested member first became a member on or before January 1, 1995,  
4       the retirement system shall purchase and pay the premium for  
5       hospitalization and medical insurance coverage and dental and  
6       vision coverage for the retirant, deferred vested member, and the

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

11 (2) On and after March 31, 1997, the retirement system shall  
12 also pay health insurance premiums described in this section in the  
13 manner prescribed in section 79 **AND, ON AND AFTER JANUARY 1, 2008,**  
14 **IN THE MANNER PRESCRIBED IN SECTION 79 OR 79A, WHICHEVER IS**  
15 **APPLICABLE.**

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

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

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

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

23 (2) A qualified participant **WHO WAS FIRST ELECTED TO THE**  
24 **LEGISLATURE OR TO THE POSITION OF LIEUTENANT GOVERNOR BEFORE**  
25 **JANUARY 1, 2008** is vested in the health insurance coverage provided  
26 in section 79 if the qualified participant meets 1 of the following  
27 requirements:

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

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

9 (c) The qualified participant meets all of the following  
10 requirements:

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

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

16 (iii) Has completed 5 years of service as a qualified  
17 participant.

18 Sec. 79. (1) A former qualified participant **WHO WAS FIRST**  
19 **ELECTED TO THE LEGISLATURE OR TO THE POSITION OF LIEUTENANT**  
20 **GOVERNOR BEFORE JANUARY 1, 2008** may elect health insurance benefits  
21 in the manner prescribed in this section if he or she meets both of  
22 the following requirements:

23 (a) The former qualified participant is vested in health  
24 benefits under section 75(2).

25 (b) The former qualified participant meets 1 of the following  
26 requirements:

27 (i) He or she meets or exceeds the benefit commencement age

1 employed in the actuarial present value calculation under section  
2 62 and the service requirements that would have applied to that  
3 former participant under Tier 1 for receiving health insurance  
4 coverage under section 50b, if that former participant was a member  
5 of Tier 1.

6 (ii) He or she is 55 years of age or older.

7 (2) A former qualified participant who is eligible to elect  
8 health insurance coverage under subsection (1) may elect health  
9 insurance coverage in a health benefit plan or plans as authorized  
10 by section 50b. A former qualified participant who is eligible to  
11 elect health insurance coverage under subsection (1) may also elect  
12 health insurance coverage for his or her health benefit dependents,  
13 if any. A surviving health benefit dependent of a deceased former  
14 qualified participant who is eligible to elect health insurance  
15 coverage under subsection (1) may elect health insurance coverage  
16 to begin at the death of the deceased former qualified participant  
17 in the manner prescribed in this section.

18 (3) An individual who elects health insurance coverage under  
19 this section shall become a member of a health insurance coverage  
20 group authorized pursuant to section 50b.

21 (4) For a former qualified participant who is eligible to  
22 elect health insurance coverage under subsection (1) and who is  
23 vested in those benefits under section 75(2)(a) or (c), and for his  
24 or her health benefit dependents, this state shall pay a portion of  
25 the health insurance premium as calculated under this subsection on  
26 a cash disbursement method. An individual described in this  
27 subsection who elects health insurance coverage under this section

1 shall pay to the retirement system the remaining portion of the  
2 health insurance coverage premium not paid by this state under this  
3 subsection. The portion of the health insurance coverage premium  
4 paid by this state under this subsection shall be 90% of the  
5 payments for health insurance coverage under section 50b. If the  
6 individual elects the health insurance coverage provided under  
7 section 50b, this state shall transfer its portion of the amount  
8 calculated under this subsection to the health insurance fund  
9 created by section 22c.

10 (5) For a former qualified participant who is eligible to  
11 elect health insurance coverage under subsection (1) and who is  
12 vested in those benefits under section 75(2)(b), and for his or her  
13 health benefit dependents, this state shall pay a portion of the  
14 health insurance premium as calculated under this subsection on a  
15 cash disbursement method. An individual described in this  
16 subsection who elects health insurance coverage under this section  
17 shall pay to the retirement system the remaining portion of the  
18 health insurance coverage premium not paid by this state under this  
19 subsection. The portion of the health insurance coverage premium  
20 paid by this state under this subsection shall be equal to the  
21 premium amounts paid on behalf of retirants of Tier 1 for health  
22 insurance coverage under section 50b. If the individual elects the  
23 health insurance coverage provided under section 50b, the state  
24 shall transfer its portion of the amount calculated under this  
25 subsection to the health insurance fund created by section 22c.

26 (6) If the department of management and budget receives  
27 notification from the United States internal revenue service that

1 this section or any portion of this section will cause the  
2 retirement system to be disqualified for tax purposes under the  
3 internal revenue code, then the portion that will cause the  
4 disqualification does not apply.

5 SEC. 79A. (1) A FORMER QUALIFIED PARTICIPANT WHO WAS FIRST  
6 ELECTED TO THE LEGISLATURE OR TO THE POSITION OF LIEUTENANT  
7 GOVERNOR ON OR AFTER JANUARY 1, 2008 MAY ELECT HEALTH INSURANCE  
8 BENEFITS IN THE MANNER PRESCRIBED IN THIS SECTION IF HE OR SHE  
9 MEETS BOTH OF THE FOLLOWING REQUIREMENTS:

10 (A) THE FORMER QUALIFIED PARTICIPANT IS VESTED IN HEALTH  
11 BENEFITS UNDER SUBSECTION (2).

12 (B) THE FORMER QUALIFIED PARTICIPANT IS 55 YEARS OF AGE OR  
13 OLDER.

14 (2) A FORMER QUALIFIED PARTICIPANT WHO WAS FIRST ELECTED TO  
15 THE LEGISLATURE OR TO THE POSITION OF LIEUTENANT GOVERNOR ON OR  
16 AFTER JANUARY 1, 2008 IS VESTED IN THE HEALTH INSURANCE COVERAGE IF  
17 THE FORMER QUALIFIED PARTICIPANT HAS COMPLETED 4 YEARS OF SERVICE  
18 AS A QUALIFIED PARTICIPANT.

19 (3) A FORMER QUALIFIED PARTICIPANT WHO IS ELIGIBLE TO ELECT  
20 HEALTH INSURANCE COVERAGE UNDER SUBSECTION (1) MAY ELECT HEALTH  
21 INSURANCE COVERAGE IN A HEALTH BENEFIT PLAN OR PLANS AS AUTHORIZED  
22 BY SECTION 50B. A FORMER QUALIFIED PARTICIPANT WHO IS ELIGIBLE TO  
23 ELECT HEALTH INSURANCE COVERAGE UNDER SUBSECTION (1) MAY ALSO ELECT  
24 HEALTH INSURANCE COVERAGE FOR HIS OR HER HEALTH BENEFIT DEPENDENTS,  
25 IF ANY. A SURVIVING HEALTH BENEFIT DEPENDENT OF A DECEASED FORMER  
26 QUALIFIED PARTICIPANT WHO IS ELIGIBLE TO ELECT HEALTH INSURANCE  
27 COVERAGE UNDER SUBSECTION (1) MAY ELECT HEALTH INSURANCE COVERAGE

1 TO BEGIN AT THE DEATH OF THE DECEASED FORMER QUALIFIED PARTICIPANT  
2 IN THE MANNER PRESCRIBED IN THIS SECTION.

3 (4) FOR A FORMER QUALIFIED PARTICIPANT WHO IS ELIGIBLE TO  
4 ELECT HEALTH INSURANCE COVERAGE UNDER THIS SECTION AND FOR HIS OR  
5 HER HEALTH BENEFIT DEPENDENTS, THIS STATE SHALL PAY A PORTION OF  
6 THE HEALTH INSURANCE PREMIUM AS CALCULATED UNDER THIS SUBSECTION ON  
7 A CASH DISBURSEMENT METHOD. AN INDIVIDUAL DESCRIBED IN THIS  
8 SUBSECTION WHO HAS 4 YEARS, NOT TO EXCEED 14 YEARS OF SERVICE AND  
9 WHO ELECTS HEALTH INSURANCE COVERAGE UNDER THIS SECTION SHALL PAY  
10 TO THE RETIREMENT SYSTEM THE REMAINING PORTION OF THE HEALTH  
11 INSURANCE PREMIUM NOT PAID BY THE STATE UNDER THIS SUBSECTION. THE  
12 PORTION PAID BY THE STATE UNDER THIS SUBSECTION SHALL BE 30% IF THE  
13 QUALIFIED PARTICIPANT HAS COMPLETED 4 YEARS OF SERVICE. IF THE  
14 QUALIFIED PARTICIPANT HAS COMPLETED MORE THAN 4 YEARS, NOT TO  
15 EXCEED 14 YEARS OF SERVICE AS A QUALIFIED PARTICIPANT, THE PORTION  
16 PAID BY THE STATE UNDER THIS SUBSECTION SHALL INCREASE 6% FOR EACH  
17 YEAR OF SERVICE COMPLETED THROUGH 14 YEARS OF SERVICE AND SHALL NOT  
18 EXCEED 90% OF THE PAYMENTS FOR HEALTH INSURANCE AND THE REMAINING  
19 PORTION SHALL BE PAID BY THE FORMER QUALIFIED PARTICIPANT.