

HOUSE BILL No. 5548

April 19, 2012, Introduced by Reps. LaFontaine, Goike, Cotter, Hughes, Shaughnessy, Lund, Rogers, Johnson, McMillin, Graves, Somerville, Kowall, Forlini and Jenkins and referred to the Committee on Government Operations.

A bill to amend 1957 PA 261, entitled "Michigan legislative retirement system act," by amending sections 50b and 79 (MCL 38.1050b and 38.1079), section 50b as amended by 1998 PA 501 and section 79 as amended by 2011 PA 200.

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, **SUBJECT TO SUBSECTION**
 5 **(3)**, pay the premium for hospitalization and medical insurance
 6 coverage and dental and vision coverage for the retirant, deferred
 7 vested member, and the spouses, eligible children, and survivors of
 8 those retirants and deferred vested members. Except as otherwise
 9 provided in this section, the retirement system shall provide

1 hospitalization and medical insurance coverage and dental and
2 vision insurance coverage under this section at a level that is
3 equal to or greater than the level of insurance coverage under this
4 section in effect on December 1, 1992. The retirement board may
5 increase the amounts each person who is enrolled in insurance
6 coverage under this section is required to pay for co-pays or
7 deductibles under that insurance coverage.

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

11 (3) BEGINNING JANUARY 1, 2013, THE RETIREMENT SYSTEM SHALL NOT
12 PAY MORE THAN 80% OF THE PREMIUM FOR HOSPITALIZATION AND MEDICAL
13 INSURANCE COVERAGE AND DENTAL AND VISION COVERAGE FOR THE RETIRANT,
14 DEFERRED VESTED MEMBER, AND THE SPOUSES, ELIGIBLE CHILDREN, AND
15 SURVIVORS OF THOSE RETIRANTS AND DEFERRED VESTED MEMBERS.

16 Sec. 79. (1) A former qualified participant may elect health
17 insurance benefits in the manner prescribed in this section if he
18 or she meets both of the following requirements:

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

21 (b) The former qualified participant meets 1 of the following
22 requirements:

23 (i) He or she meets or exceeds the benefit commencement age
24 employed in the actuarial present value calculation under section
25 62 and the service requirements that would have applied to that
26 former participant under Tier 1 for receiving health insurance
27 coverage under section 50b, if that former participant was a member

1 of Tier 1.

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

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

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

17 (4) For a former qualified participant who is eligible to
18 elect health insurance coverage under subsection (1) and who is
19 vested in those benefits under section 75(2)(a) or (c), and for his
20 or her health benefit dependents, this state shall pay a portion of
21 the health insurance premium as calculated under this subsection on
22 a cash disbursement method. An individual described in this
23 subsection who elects health insurance coverage under this section
24 shall pay to the retirement system the remaining portion of the
25 health insurance coverage premium not paid by this state under this
26 subsection. ~~The~~ **UNTIL DECEMBER 31, 2012, THE** portion of the health
27 insurance coverage premium paid by this state under this subsection

1 shall be 90% of the payments for health insurance coverage under
2 section 50b. **BEGINNING JANUARY 1, 2013, THE PORTION OF THE HEALTH**
3 **INSURANCE COVERAGE PREMIUM PAID BY THIS STATE UNDER THIS SUBSECTION**
4 **SHALL NOT EXCEED 80% OF THE ENTIRE PREMIUM FOR HEALTH INSURANCE**
5 **COVERAGE DESCRIBED IN SECTION 50B.** If the individual elects the
6 health insurance coverage provided under section 50b, this state
7 shall transfer its portion of the amount calculated under this
8 subsection to the health insurance fund created by section 22c.

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

25 (6) If the department of technology, management, and budget
26 receives notification from the United States internal revenue
27 service that this section or any portion of this section will cause

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

4 (7) A former qualified participant who does not meet the
5 vesting requirements of section 75(2) is not eligible for health
6 insurance benefits under this act.