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**BILL ANALYSIS**

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House Bill 4580 (as passed by the House)  
Sponsor: Representative Robert Dean  
House Committee: Government Operations  
Senate Committee: Government Operations and Reform

Date Completed: 10-9-07

**CONTENT**

The bill would amend the Michigan Legislative Retirement System Act, which provides for retirement benefits for elected members of the Senate and House of Representatives. The bill would change the eligibility for health care benefits for retired members of the Legislature. Under current law, retired members of the Legislature and their spouses qualify for health insurance benefits when the retired legislator is age 55 after serving six years in the Legislature. The bill would eliminate health care benefits for retired members of the Legislature who were first elected to office after January 1, 2007. The bill would have no impact on the health care benefits received in retirement by members of the Legislature who were first elected before January 1, 2007.

MCL 38.1075

**FISCAL IMPACT**

The bill would not result in any immediate savings to the State. The changes in retiree health care benefits would apply only to members of the Legislature elected to office beginning in the November 2008 election. The newly elected members who serve six years in the House of Representatives will not be eligible to draw health insurance benefits in retirement until January 1, 2015. The bill could potentially begin to affect members of the Senate who are first elected beginning in the November 2010 election. The passage of the bill eventually would reduce the costs of funding the Legislative Retirement System.

During fiscal year (FY) 2005-06, the Legislative Retirement System paid out \$4.45 million for health care benefits to 341 retired legislators and their spouses. The total annual cost of providing health insurance for retired legislators is approximately \$13,037 per retiree. During FY 2005-06 the retired members of the Legislature paid total premiums toward the health care costs of \$182,190 or approximately 4.0% of the total cost.

Fiscal Analyst: Gary S. Olson

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.