

HOUSE BILL No. 4806

May 17, 2007, Introduced by Rep. Wenke and referred to the Committee on Oversight and Investigations.

A bill to amend 1992 PA 234, entitled
"The judges retirement act of 1992,"
by amending sections 715 and 719 (MCL 38.2665 and 38.2669), section
715 as amended by 1999 PA 215 and section 719 as added by 1996 PA
523.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 715. (1) A qualified participant is immediately 100%
- 2 vested in his or her contributions made to Tier 2. A qualified
- 3 participant shall vest in the employer contributions made on his or
- 4 her behalf to Tier 2 according to the following schedule:
- 5 (a) Upon completion of 2 years of service, 50%.
- 6 (b) Upon completion of 3 years of service, 75%.
- 7 (c) Upon completion of 4 years of service, 100%.

1 (2) A qualified participant is vested in the health insurance
2 coverage provided in section 719 if the qualified participant meets
3 1 of the following requirements:

4 (a) The qualified participant has completed ~~4~~10 years of
5 service as a qualified participant and was not a member, deferred
6 vested member, or former nonvested member of Tier 1.

7 (b) The qualified participant was a member, deferred vested
8 member, or former nonvested member of Tier 1 who made an election
9 to participate in Tier 2 pursuant to section 701 or 701a, and who
10 has met the service requirements he or she would have been required
11 to meet in order to vest in health benefits under section 509.

12 Sec. 719. (1) A former qualified participant may elect health
13 insurance benefits in the manner prescribed in this section if he
14 or she meets both of the following requirements:

15 (a) The former qualified participant is vested in health
16 benefits under section 715(2).

17 (b) The former qualified participant meets or exceeds the
18 benefit commencement age employed in the actuarial present value
19 calculation under section 702 and the service requirements that
20 would have applied to that former participant under Tier 1 for
21 receiving health insurance coverage under section 509, if that
22 former participant was a member of Tier 1.

23 (2) A former qualified participant who is eligible to elect
24 health insurance coverage under subsection (1) may elect health
25 insurance coverage in a health benefit plan or plans as authorized
26 by section 509, or in another plan as provided in subsection (6). A
27 former qualified participant who is eligible to elect health

1 insurance coverage under subsection (1) may also elect health
2 insurance coverage for his or her health benefit dependents, if
3 any. A surviving health benefit dependent of a deceased former
4 qualified participant who is eligible to elect health insurance
5 coverage under subsection (1) may elect health insurance coverage
6 in the manner prescribed in this section.

7 (3) Except as otherwise provided in subsection (6), an
8 individual who elects health insurance coverage under this section
9 shall become a member of a health insurance coverage group
10 authorized pursuant to section 509.

11 (4) For a former qualified participant who is eligible to
12 elect health insurance coverage under subsection (1) and who is
13 vested in those benefits under section 715(2)(a), and for his or
14 her health benefit dependents, this state shall pay a portion of
15 the health insurance premium as calculated under this subsection on
16 a cash disbursement method. An individual described in this
17 subsection who elects health insurance coverage under this section
18 shall pay to the retirement system the remaining portion of the
19 health insurance coverage premium not paid by this state under this
20 subsection. The portion of the health insurance coverage premium
21 paid by this state under this subsection shall be ~~50% of the~~
22 ~~payments for health insurance coverage under section 509 if the~~
23 ~~former qualified participant has 4 years of service; 75% of the~~
24 ~~payments for health insurance coverage under section 509 if the~~
25 ~~former qualified participant has 5 years of service; or 90% of the~~
26 ~~payments for health insurance coverage under section 509 if the~~
27 ~~former qualified participant has 6 years of service~~ **EQUAL TO THE**

1 PRODUCT OF 3% AND THE FORMER QUALIFIED PARTICIPANT'S YEARS OF
2 SERVICE, UP TO 30 YEARS, AND SHALL NOT EXCEED 90% OF THE PAYMENTS
3 FOR HEALTH INSURANCE COVERAGE UNDER SECTION 509. If the individual
4 elects the health insurance coverage provided under section 509,
5 the state shall transfer its portion of the amount calculated under
6 this subsection to the reserve for health benefits created by
7 section 214.

8 (5) For a former qualified participant who is eligible to
9 elect health insurance coverage under subsection (1) and who is
10 vested in those benefits under section 715(2)(b), and for his or
11 her health benefit dependents, this state shall pay a portion of
12 the health insurance premium as calculated under this subsection on
13 a cash disbursement method. An individual described in this
14 subsection who elects health insurance coverage under this section
15 shall pay to the retirement system the remaining portion of the
16 health insurance coverage premium not paid by this state under this
17 subsection. The portion of the health insurance coverage premium
18 paid by this state under this subsection shall be equal to the
19 premium amounts paid on behalf of retirants of Tier 1 for health
20 insurance coverage under section 509. If the individual elects the
21 health insurance coverage provided under section 509, the state
22 shall transfer its portion of the amount calculated under this
23 subsection to the reserve for health benefits created by section
24 214.

25 (6) A former qualified participant or health benefit dependent
26 who is eligible to elect health insurance coverage under this
27 section and who elects health insurance coverage under a different

1 plan than the plan authorized under section 509 may elect to have
2 an amount up to the amount of the retirement system's share of the
3 monthly health insurance premium subsidy provided in this section
4 paid by the retirement system directly to the other health
5 insurance plan or to a medical savings account established pursuant
6 to section 220 of the internal revenue code, to the extent allowed
7 by law or under the provisions and procedures of Tier 2.

8 (7) If the department of management and budget receives
9 notification from the United States internal revenue service that
10 this section or any portion of this section will cause the
11 retirement system to be disqualified for tax purposes under the
12 internal revenue code, then the portion that will cause the
13 disqualification does not apply.