

# SENATE BILL No. 241

February 28, 2013, Introduced by Senators CASWELL, JONES and WALKER 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

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

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

13 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, BEGINNING  
14 JANUARY 1, 2014, THE RETIREMENT SYSTEM SHALL NOT PAY MORE THAN 80%  
15 OF THE PREMIUM FOR HOSPITALIZATION AND MEDICAL INSURANCE COVERAGE  
16 AND DENTAL AND VISION COVERAGE FOR A RETIRANT, A DEFERRED VESTED  
17 MEMBER, A SPOUSE OF A RETIRANT OR DEFERRED VESTED MEMBER, AN  
18 ELIGIBLE CHILD OF A RETIRANT OR DEFERRED VESTED MEMBER, AND A  
19 SURVIVOR OF A RETIRANT OR DEFERRED VESTED MEMBER. FOR AN INDIVIDUAL  
20 DESCRIBED IN THIS SUBSECTION WHO IS ELIGIBLE FOR MEDICARE ON  
21 JANUARY 1, 2014, THE RETIREMENT SYSTEM SHALL NOT PAY MORE THAN 90%  
22 OF THE PREMIUM FOR HOSPITALIZATION AND MEDICAL INSURANCE COVERAGE  
23 AND DENTAL AND VISION COVERAGE FOR THE INDIVIDUAL.

24 (4) AS USED IN THIS SECTION, "MEDICARE" MEANS BENEFITS UNDER  
25 THE FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER TITLE XVIII OF THE  
26 SOCIAL SECURITY ACT, 42 USC 1395 TO 1395KKK-1.

27 Sec. 79. (1) A former qualified participant may elect health

1 insurance benefits in the manner prescribed in this section if he  
2 or she meets both of the following requirements:

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

5 (b) The former qualified participant meets 1 of the following  
6 requirements:

7 (i) He or she meets or exceeds the benefit commencement age  
8 employed in the actuarial present value calculation under section  
9 62 and the service requirements that would have applied to that  
10 former participant under Tier 1 for receiving health insurance  
11 coverage under section 50b, if that former participant was a member  
12 of Tier 1.

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

14 (2) A former qualified participant who is eligible to elect  
15 health insurance coverage under subsection (1) may elect health  
16 insurance coverage in a health benefit plan or plans as authorized  
17 by section 50b. A former qualified participant who is eligible to  
18 elect health insurance coverage under subsection (1) may also elect  
19 health insurance coverage for his or her health benefit dependents,  
20 if any. A surviving health benefit dependent of a deceased former  
21 qualified participant who is eligible to elect health insurance  
22 coverage under subsection (1) may elect health insurance coverage  
23 to begin at the death of the deceased former qualified participant  
24 in the manner prescribed in this section.

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

1           (4) For a former qualified participant who is eligible to  
2 elect health insurance coverage under subsection (1) and who is  
3 vested in those benefits under section 75(2)(a) or (c), and for his  
4 or her health benefit dependents, this state shall pay a portion of  
5 the health insurance premium as calculated under this subsection on  
6 a cash disbursement method. An individual described in this  
7 subsection who elects health insurance coverage under this section  
8 shall pay to the retirement system the remaining portion of the  
9 health insurance coverage premium not paid by this state under this  
10 subsection. ~~The portion of the health insurance coverage premium~~  
11 ~~paid by this state under this subsection shall be 90% of the~~  
12 ~~payments for health insurance coverage under section 50b. EXCEPT AS~~  
13 **OTHERWISE PROVIDED IN THIS SUBSECTION, THE RETIREMENT SYSTEM SHALL**  
14 **NOT PAY MORE THAN 90% OF THE ENTIRE PREMIUM FOR HEALTH INSURANCE**  
15 **COVERAGE DESCRIBED IN SECTION 50B FOR AN INDIVIDUAL DESCRIBED IN**  
16 **THIS SUBSECTION WHO ELECTS HEALTH INSURANCE COVERAGE UNDER THIS**  
17 **SECTION. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, BEGINNING**  
18 **JANUARY 1, 2014, THE RETIREMENT SYSTEM SHALL NOT PAY MORE THAN 80%**  
19 **OF THE ENTIRE PREMIUM FOR HEALTH INSURANCE COVERAGE DESCRIBED IN**  
20 **SECTION 50B FOR AN INDIVIDUAL DESCRIBED IN THIS SUBSECTION WHO**  
21 **ELECTS HEALTH INSURANCE COVERAGE UNDER THIS SECTION. FOR AN**  
22 **INDIVIDUAL DESCRIBED IN THIS SUBSECTION WHO ELECTS HEALTH INSURANCE**  
23 **COVERAGE UNDER THIS SECTION AND WHO IS ELIGIBLE FOR MEDICARE ON**  
24 **JANUARY 1, 2014, THE RETIREMENT SYSTEM SHALL NOT PAY MORE THAN 90%**  
25 **OF THE ENTIRE PREMIUM FOR HEALTH INSURANCE COVERAGE DESCRIBED IN**  
26 **SECTION 50B FOR THE INDIVIDUAL.** If the individual elects the health  
27 insurance coverage provided under section 50b, this state shall

1 transfer its portion of the amount calculated under this subsection  
2 to the health insurance fund created by section 22c.

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

19 (6) If the department of technology, management, and budget  
20 receives notification from the United States internal revenue  
21 service that this section or any portion of this section will cause  
22 the retirement system to be disqualified for tax purposes under the  
23 internal revenue code, then the portion that will cause the  
24 disqualification does not apply.

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

1           (8) AS USED IN THIS SECTION, "MEDICARE" MEANS BENEFITS UNDER  
2 THE FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER TITLE XVIII OF THE  
3 SOCIAL SECURITY ACT, 42 USC 1395 TO 1395KKK-1.