

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 12**

A bill to amend 1943 PA 240, entitled  
"State employees' retirement act,"  
by amending section 68c (MCL 38.68c), as amended by 2013 PA 112.

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

1       Sec. 68c. (1) Except as otherwise provided in this section, a  
2       retirant who is receiving a retirement allowance under this act and  
3       is employed by this state beginning ~~on or~~ after October 2, ~~1~~, 2007  
4       agrees to forfeit his or her right to receive that retirement  
5       allowance during this period of state employment. The retirement  
6       system shall cease payment of the retirement allowance to a  
7       retirant described in this subsection during this period of state  
8       employment and shall reinstate payment of the retirement allowance  
9       without recalculation when the period of state employment ceases.  
10      This subsection does not apply to a retirant who is directly or

1 indirectly employed by this state on October 1, 2007 ~~so long as~~  
2 **WHILE** he or she remains in the position held by the retirant on  
3 October 1, 2007. As used in this subsection, "employed by this  
4 state" means employed directly by this state as an employee,  
5 indirectly by this state through a contractual arrangement with  
6 other parties, or by engagement of the retirant by this state as an  
7 independent contractor. This subsection does not apply to a  
8 retirant who is engaged as an independent contractor on October 1,  
9 2010 ~~so long as~~ **WHILE** the retirant remains engaged in the same  
10 contract that was held by the retirant on October 1, 2010 without  
11 amendment or extension.

12 (2) A hospital, medical-surgical, and sick care benefits plan,  
13 dental plan, vision plan, and hearing plan that covers retirants,  
14 retirant allowance beneficiaries, former qualified participants,  
15 and health benefit dependents under this act ~~shall~~ **MUST** contain a  
16 coordination of benefits provision that provides all of the  
17 following:

18 (a) If the person covered under any of the plans is also  
19 eligible for ~~medicare~~, **MEDICARE**, then the benefits under ~~medicare~~  
20 ~~shall~~ **MEDICARE MUST** be determined before the health insurance  
21 benefits under this act.

22 (b) If a person covered under any of the plans provided by  
23 this act is also covered under another plan that contains a  
24 coordination of benefits provision, the benefits ~~shall~~ **MUST** be  
25 coordinated as provided in the coordination of benefits act, 1984  
26 PA 64, MCL 550.251 to 550.255.

27 (c) If the person covered under any of the plans provided by

1 this act is also covered under another plan that does not contain a  
2 coordination of benefits provision, the benefits under the other  
3 plan ~~shall~~**MUST** be determined before the benefits provided pursuant  
4 ~~to~~**UNDER** this act.

5 (3) Subsection (1) does not apply to a retirant if all of the  
6 following apply:

7 (a) The retirant is hired to provide health care services to  
8 individuals under the jurisdiction of the department of  
9 corrections.

10 (b) The retirant is hired in a position that is limited in  
11 term, no benefits are paid, and pay is on a per diem basis.

12 (c) The department of corrections provides written notice to  
13 the state budget office and the department of technology,  
14 management, and budget that attempts have been made to fill the  
15 position through postings and recruitment and that the position  
16 vacancy still exists.

17 (d) The department of corrections reports the employment of a  
18 retirant under this subsection within 30 days of employment of the  
19 retirant to the state budget office and the department of  
20 technology, management, and budget. The report ~~shall~~**MUST** include  
21 the name of the retirant, the capacity in which the retirant is  
22 employed, and the total compensation paid to the retirant.

23 (e) The retirant retired after a bona fide termination.

24 (4) Subsection (1) does not apply to the appointment of a  
25 retirant who retired after a bona fide termination and who was an  
26 assistant attorney general as a special assistant attorney general  
27 if the attorney general determines that, as a result of his or her

1 previous employment with this state, the retirant possesses  
2 specialized expertise and experience necessary for the appointment  
3 and that the appointment is the most cost-effective option for this  
4 state.

5 (5) Until September 30, 2015, subsection (1) does not apply to  
6 a retirant if all of the following apply:

7 (a) The retirant is hired to provide for the custody of  
8 individuals under the jurisdiction of the department of  
9 corrections.

10 (b) The retirant is hired in a position that is limited in  
11 term, no benefits are paid, and the pay is not more than 80% of the  
12 maximum hourly wage granted to classified civil service employees  
13 employed by the department of corrections to perform the same  
14 duties as the retirant for the fiscal year during which the  
15 retirant is employed.

16 (c) The retirant works no more than 1,040 hours in a 12-month  
17 period of state employment.

18 (d) The retirant retired after a bona fide termination of  
19 employment.

20 (6) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF THE  
21 FOLLOWING APPLY:

22 (A) THE DEPARTMENT OF ATTORNEY GENERAL CONTRACTS WITH THE  
23 RETIRANT AS A WITNESS, EXPERT, OR CONSULTANT FOR LITIGATION  
24 INVOLVING THIS STATE. THE CONTRACT MUST PROVIDE THAT THE RETIRANT'S  
25 SERVICE AS A WITNESS, EXPERT, OR CONSULTANT ENDS AT THE CONCLUSION  
26 OF THE LITIGATION.

27 (B) THE ATTORNEY GENERAL DETERMINES THAT, AS RESULT OF THE

1 RETIRANT'S PREVIOUS EMPLOYMENT WITH THIS STATE, THE RETIRANT  
2 POSSESSES SPECIALIZED EXPERTISE AND EXPERIENCE NECESSARY FOR THE  
3 LITIGATION AND THE CONTRACT IS THE MOST COST-EFFECTIVE OPTION FOR  
4 THE STATE.

5 (C) THE RETIRANT RETIRED AFTER A BONA FIDE TERMINATION OF  
6 EMPLOYMENT.