

# HOUSE BILL No. 4669

April 24, 2001, Introduced by Reps. Schermesser, Wojno, Dennis, Rich Brown, Shackleton, Neumann, Hale, Whitmer, Minore, Gielegem, Jacobs and Bogardus and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending sections 20d and 68 (MCL 38.20d and 38.68), section 20d as amended by 1996 PA 532 and section 68 as added by 1996 PA 487.

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

1       Sec. 20d. (1) On and after July 1, 1974, hospitalization  
2 and medical coverage insurance premium payable by any retirant or  
3 his or her beneficiary and his or her dependents under any group  
4 health plan authorized by the Michigan civil service commission  
5 and the department of management and budget shall be paid by the  
6 retirement board from the health insurance reserve fund created  
7 in section 11. ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS  
8 SECTION, THE amount payable shall be in the same proportion of  
9 premium payable by the state of Michigan for the classified

1 employees occupying positions in the state civil service. The  
2 hospitalization and medical insurance premium payable shall be  
3 paid from appropriations made for this purpose to the health  
4 insurance reserve fund sufficient to cover the premium payment  
5 needed to be made.

6 (2) Effective January 1, 1988, EXCEPT AS OTHERWISE PROVIDED  
7 IN THIS SECTION, 90% of the premium payable by a retirant or the  
8 retirant's beneficiary and his or her dependents for dental cov-  
9 erage or vision coverage, or both, under any group plan autho-  
10 rized by the Michigan civil service commission and the department  
11 of management and budget shall be paid by the retirement board  
12 from the health insurance reserve fund created in section 11.

13 (3) On and after March 31, 1997, the retirement system shall  
14 also pay health insurance premiums described in this section in  
15 the manner prescribed in section 68.

16 (4) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT  
17 THAT ADDED THIS SUBSECTION, THE PROPORTION OF PREMIUM PAYABLE BY  
18 A RETIRANT UNDER THIS SECTION FOR HOSPITALIZATION, MEDICAL COVER-  
19 AGE INSURANCE, DENTAL COVERAGE, OR VISION COVERAGE SHALL BE NOT  
20 GREATER THAN 125% OF THE PROPORTION OF PREMIUM THAT THE RETIRANT  
21 IS REQUIRED TO PAY ON THE EFFECTIVE DATE OF THE AMENDATORY ACT  
22 THAT ADDED THIS SUBSECTION.

23 (5) ~~(4)~~ For purposes of this section, "retirant" includes  
24 a person who retires under section 306 or 410 of the Michigan  
25 military act, ~~Act No. 150 of the Public Acts of 1967, being sec-~~  
26 ~~tions 32.706 and 32.810 of the Michigan Compiled Laws~~ 1967 PA  
27 150, MCL 32.706 AND 32.810.

1           Sec. 68. (1) A former qualified participant may elect  
2 health insurance benefits in the manner prescribed in this sec-  
3 tion if he or she meets both of the following requirements:

4           (a) The former qualified participant is vested in health  
5 benefits under section 64(2).

6           (b) The former qualified participant meets or exceeds the  
7 benefit commencement age employed in the actuarial present value  
8 calculation under section 51 and the service requirements that  
9 would have applied to that former participant under Tier 1 for  
10 receiving health insurance coverage under section 20d, if that  
11 former participant was a member of Tier 1.

12           (2) A former qualified participant who is eligible to elect  
13 health insurance coverage under subsection (1) may elect health  
14 insurance coverage in a health benefit plan or plans as autho-  
15 rized by section 20d, or in another plan as provided in subsec-  
16 tion (6). A former qualified participant who is eligible to  
17 elect health insurance coverage under subsection (1) may also  
18 elect health insurance coverage for his or her health benefit  
19 dependents, if any. A surviving health benefit dependent of a  
20 deceased former qualified participant who is eligible to elect  
21 health insurance coverage under subsection (1) may elect health  
22 insurance coverage in the manner prescribed in this section.

23           (3) Except as otherwise provided in subsection (6), an indi-  
24 vidual who elects health insurance coverage under this section  
25 shall become a member of a health insurance coverage group autho-  
26 rized pursuant to section 20d.

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 64(2)(a), and for his or  
4 her health benefit dependents, this state shall pay a portion of  
5 the health insurance premium as calculated under this subsection  
6 on a cash disbursement method. An individual described in this  
7 subsection who elects health insurance coverage under this sec-  
8 tion shall pay to the retirement system the remaining portion of  
9 the health insurance coverage premium not paid by this state  
10 under this subsection. ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN  
11 THIS SECTION, THE portion of the health insurance coverage pre-  
12 mium paid by this state under this subsection shall be equal to  
13 the product of 3% and the former qualified participant's years of  
14 service, up to 30 years, and shall not exceed 90% of the payments  
15 for health insurance coverage under section 20d. If the individ-  
16 ual elects the health insurance coverage provided under section  
17 20d, the state shall transfer its portion of the amount calcu-  
18 lated under this subsection to the health insurance reserve fund  
19 created by section 11.

20           (5) For a former qualified participant who is eligible to  
21 elect health insurance coverage under subsection (1) and who is  
22 vested in those benefits under section 64(2)(b), and for his or  
23 her health benefit dependents, this state shall pay a portion of  
24 the health insurance premium as calculated under this subsection  
25 on a cash disbursement method. An individual described in this  
26 subsection who elects health insurance coverage under this  
27 section shall pay to the retirement system the remaining portion

1 of the health insurance coverage premium not paid by this state  
2 under this subsection. The portion of the health insurance cov-  
3 erage premium paid by this state under this subsection shall be  
4 equal to the premium amounts paid on behalf of retirants of Tier  
5 1 for health insurance coverage under section 20d. If the indi-  
6 vidual elects the health insurance coverage provided under sec-  
7 tion 20d, the state shall transfer its portion of the amount cal-  
8 culated under this subsection to the health insurance reserve  
9 fund created by section 11.

10 (6) A former qualified participant or health benefit depen-  
11 dent who is eligible to elect health insurance coverage under  
12 this section and who elects health insurance coverage under a  
13 different plan than the plan authorized under section 20d may  
14 elect to have an amount up to the amount of the retirement  
15 system's share of the monthly health insurance premium subsidy  
16 provided in this section paid by the retirement system directly  
17 to the other health insurance plan or to a medical savings  
18 account established pursuant to section 220 of the internal reve-  
19 nue code, to the extent allowed by law or under the provisions  
20 and procedures of Tier 2.

21 (7) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT  
22 THAT ADDED THIS SUBSECTION, THE PROPORTION OF PREMIUM PAYABLE BY  
23 A RETIRANT UNDER THIS SECTION FOR HEALTH INSURANCE BENEFITS SHALL  
24 BE NOT GREATER THAN 125% OF THE PROPORTION OF PREMIUM THAT THE  
25 RETIRANT IS REQUIRED TO PAY ON THE EFFECTIVE DATE OF THE AMENDA-  
26 TORY ACT THAT ADDED THIS SUBSECTION.

1           (8) ~~(7)~~ If the department of management and budget  
2 receives notification from the United States internal revenue  
3 service that this section or any portion of this section will  
4 cause the retirement system to be disqualified for tax purposes  
5 under the internal revenue code, then the portion that will cause  
6 the disqualification does not apply.