

**SUBSTITUTE FOR
HOUSE BILL NO. 4244**

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 91 (MCL 38.1391), as amended by 1998 PA 85.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 91. (1) The retirement system shall pay the entire
2 monthly premium or membership or subscription fee for hospital,
3 medical-surgical, and sick care benefits for the benefit of a
4 retirant or retirement allowance beneficiary who elects coverage
5 in the plan authorized by the retirement board and the
6 department.

7 (2) The retirement system may pay up to the maximum of the
8 amount payable under subsection (1) toward the monthly premium
9 for hospital, medical-surgical, and sick care benefits for the
10 benefit of a retirant or retirement allowance beneficiary
11 enrolled in a group health insurance or prepaid service plan not

1 authorized by the retirement board and the department, if
2 enrolled before June 1, 1975, for whom the retirement system on
3 July 18, 1983 was making a payment towards his or her monthly
4 premium.

5 (3) A retirant or retirement allowance beneficiary receiving
6 hospital, medical-surgical, and sick care benefits coverage under
7 subsection (1) or (2), until eligible for medicare, shall have an
8 amount equal to the cost chargeable to a medicare recipient for
9 part B of medicare deducted from his or her retirement
10 allowance.

11 (4) The retirement system shall pay 90% of the monthly
12 premium or membership or subscription fee for dental, vision, and
13 hearing benefits for the benefit of a retirant or retirement
14 allowance beneficiary who elects coverage in the plan authorized
15 by the retirement board and the department. Payments shall begin
16 under this subsection upon approval by the retirement board and
17 the department of plan coverage and a plan provider.

18 (5) The retirement system shall pay up to 90% of the maximum
19 of the amount payable under subsection (1) toward the monthly
20 premium or membership or subscription fee for hospital,
21 medical-surgical, and sick care benefits coverage described in
22 subsections (1) and (2) for each health insurance dependent of a
23 retirant receiving benefits under subsection (1) or (2). Payment
24 shall not exceed 90% of the actual monthly premium or membership
25 or subscription fee. The retirement system shall pay 90% of the
26 monthly premium or membership or subscription fee for dental,
27 vision, and hearing benefits described in subsection (4) for the

1 benefit of each health insurance dependent of a retirant
2 receiving benefits under subsection (4). Payment for health
3 benefits coverage for a health insurance dependent of a retirant
4 shall not be made after the retirant's death, unless the retirant
5 designated a retirement allowance beneficiary as provided in
6 section 85 and the dependent was covered or eligible for coverage
7 as a health insurance dependent of the retirant on the retirant's
8 date of death. Payment for health benefits coverage shall not be
9 made for a health insurance dependent after the later of the
10 retirant's death or the retirement allowance beneficiary's
11 death. Payment under this subsection and subsection (6) began
12 October 1, 1985 for health insurance dependents who on July 10,
13 1985 were covered by the hospital, medical-surgical, and sick
14 care benefits plan authorized by the retirement board and the
15 department. Payment under this subsection and subsection (6) for
16 other health insurance dependents shall not begin before
17 January 1, 1986.

18 (6) The payment described in subsection (5) shall also be
19 made for each health insurance dependent of a deceased member or
20 deceased duty disability retirant if a retirement allowance is
21 being paid to a retirement allowance beneficiary because of the
22 death of the member or duty disability retirant as provided in
23 section 43c(c), 89, or 90. Payment for health benefits coverage
24 for a health insurance dependent shall not be made after the
25 retirement allowance beneficiary's death.

26 (7) The payments provided by this section shall not be made
27 on behalf of a retiring section 82 deferred member or health

1 insurance dependent of a deferred member having less than 21 full
2 years of attained credited service or the retiring deferred
3 member's retirement allowance beneficiary, and shall not be made
4 on behalf of a retirement allowance beneficiary of a deferred
5 member who dies before retiring. The retirement system shall
6 pay, on behalf of a retiring section 82 deferred member or health
7 insurance dependent of a deferred member or a retirement
8 allowance beneficiary of a deceased deferred member, either of
9 whose allowance is based upon not less than 21 years of attained
10 credited service, 10% of the payments provided by this section,
11 increased by 10% for each attained full year of credited service
12 beyond 21 years, not to exceed 100%. This subsection applies to
13 any member who attains deferred status under section 82 after
14 October 31, 1980.

15 (8) Any retirant or retirement allowance beneficiary excluded
16 from payments under this section may participate in the hospital,
17 medical-surgical, and sick care benefits plan, the dental plan,
18 vision plan, or hearing plan, or any combination of the plans
19 described in this section in the manner prescribed by the
20 retirement system at his or her own cost.

21 (9) The hospital, medical-surgical, and sick care benefits
22 plan, dental plan, vision plan, and hearing plan that covers
23 retirants, retirement allowance beneficiaries, and health
24 insurance dependents pursuant to this section shall contain a
25 coordination of benefits provision that provides all of the
26 following:

27 (a) If the person covered under the hospital,

1 medical-surgical, and sick care benefits plan is also eligible
2 for medicare or medicaid, or both, then the benefits under
3 medicare or medicaid, or both, shall be determined before the
4 benefits of the hospital, medical-surgical, and sick care
5 benefits plan provided pursuant to this section.

6 (b) If the person covered under any of the plans provided by
7 this section is also covered under another plan that contains a
8 coordination of benefits provision, the benefits shall be
9 coordinated as provided by the coordination of benefits act, 1984
10 PA 64, MCL 550.251 to 550.255.

11 (c) If the person covered under any of the plans provided by
12 this section is also covered under another plan that does not
13 contain a coordination of benefits provision, the benefits under
14 the other plan shall be determined before the benefits of the
15 plan provided pursuant to this section.

16 (10) For purposes of this section:

17 (a) "Health insurance dependent" means any of the following:

18 (i) The spouse of the retirant or the surviving spouse to
19 whom the retirant or deceased member was married at the time of
20 the retirant's or deceased member's death.

21 (ii) An unmarried child, by birth or adoption, of the
22 retirant or deceased member, until December 31 of the calendar
23 year in which the child becomes 19 years of age.

24 (iii) An unmarried child, by birth or adoption, of the
25 retirant or deceased member, until December 31 of the calendar
26 year in which the child becomes 25 years of age, who is enrolled
27 as a full-time student, and who is or was at the time of the

1 retirant's or deceased member's death a dependent of the retirant
2 or deceased member as defined in section 152 of the internal
3 revenue code.

4 (iv) An unmarried child, by birth or adoption, of the
5 retirant or deceased member who is incapable of self-sustaining
6 employment because of mental or physical disability, and who is
7 or was at the time of the retirant's or deceased member's death a
8 dependent of the retirant or deceased member as defined in
9 section 152 of the internal revenue code.

10 (v) The parents of the retirant or deceased member, or the
11 parents of his or her spouse, who are residing in the household
12 of the retirant or retirement allowance beneficiary.

13 (vi) **An unmarried child who is not the child by birth or**
14 **adoption of the retirant or deceased member but who otherwise**
15 **qualifies to be a health insurance dependent under subparagraph**
16 **(ii), (iii), or (iv), if the retirant or deceased member is the**
17 **legal guardian of the unmarried child.**

18 (b) "Medicaid" means benefits under the federal medicaid
19 program established under title XIX of the social security act,
20 chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to
21 1396r-6, and 1396r-8 to 1396v.

22 (c) "Medicare" means benefits under the federal medicare
23 program established under title XVIII of the social security act,
24 chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b-2,
25 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to
26 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28,
27 1395x to 1395yy, and 1395bbb to 1395ggg.