

HOUSE BILL No. 5682

March 23, 2004, Introduced by Reps. Pumford, Moolenaar and Palmer and referred to the Committee on Senior Health, Security and Retirement.

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. **This subsection does not apply to a retirant who**
7 **first becomes a member after June 30, 2004.**

8 (2) The retirement system may pay up to the maximum of the
9 amount payable under subsection (1) toward the monthly premium
10 for hospital, medical-surgical, and sick care benefits for the
11 benefit of a retirant or retirement allowance beneficiary

1 enrolled in a group health insurance or prepaid service plan not
2 authorized by the retirement board and the department, if
3 enrolled before June 1, 1975, for whom the retirement system on
4 July 18, 1983 was making a payment towards his or her monthly
5 premium.

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

12 (4) The retirement system shall pay 90% of the monthly
13 premium or membership or subscription fee for dental, vision, and
14 hearing benefits for the benefit of a retirant or retirement
15 allowance beneficiary who elects coverage in the plan authorized
16 by the retirement board and the department. Payments shall begin
17 under this subsection upon approval by the retirement board and
18 the department of plan coverage and a plan provider. **This**
19 **subsection does not apply to a retirant who first becomes a**
20 **member after June 30, 2004.**

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

1 or subscription fee. The retirement system shall pay 90% of the
2 monthly premium or membership or subscription fee for dental,
3 vision, and hearing benefits described in subsection (4) for the
4 benefit of each health insurance dependent of a retirant
5 receiving benefits under subsection (4). Payment for health
6 benefits coverage for a health insurance dependent of a retirant
7 shall not be made after the retirant's death, unless the retirant
8 designated a retirement allowance beneficiary as provided in
9 section 85 and the dependent was covered or eligible for coverage
10 as a health insurance dependent of the retirant on the retirant's
11 date of death. Payment for health benefits coverage shall not be
12 made for a health insurance dependent after the later of the
13 retirant's death or the retirement allowance beneficiary's
14 death. Payment under this subsection and subsection (6) began
15 October 1, 1985 for health insurance dependents who on July 10,
16 1985 were covered by the hospital, medical-surgical, and sick
17 care benefits plan authorized by the retirement board and the
18 department. Payment under this subsection and subsection (6) for
19 other health insurance dependents shall not begin before
20 January 1, 1986. **This subsection does not apply to a retirant**
21 **who first becomes a member after June 30, 2004.**

22 (6) The payment described in subsection (5) **or (8)** shall also
23 be made for each health insurance dependent of a deceased member
24 or deceased duty disability retirant if a retirement allowance is
25 being paid to a retirement allowance beneficiary because of the
26 death of the member or duty disability retirant as provided in
27 section 43c(c), 89, or 90 **or as otherwise provided in this act.**

1 Payment for health benefits coverage for a health insurance
2 dependent shall not be made after the retirement allowance
3 beneficiary's death.

4 (7) The payments provided by this section shall not be made
5 on behalf of a retiring section 82 deferred member or health
6 insurance dependent of a deferred member having less than 21 full
7 years of attained credited service or the retiring deferred
8 member's retirement allowance beneficiary, and shall not be made
9 on behalf of a retirement allowance beneficiary of a deferred
10 member who dies before retiring. The retirement system shall
11 pay, on behalf of a retiring section 82 deferred member or health
12 insurance dependent of a deferred member or a retirement
13 allowance beneficiary of a deceased deferred member, either of
14 whose allowance is based upon not less than 21 years of attained
15 credited service, 10% of the payments provided by this section,
16 increased by 10% for each attained full year of credited service
17 beyond 21 years, not to exceed 100%. This subsection applies to
18 any member who **first becomes a member before June 30, 2004 and**
19 attains deferred status under section 82 after October 31, 1980.

20 (8) For a member or deferred member who first becomes a
21 member after June 30, 2004, the retirement system shall pay the
22 entire monthly premium or membership or subscription fee for the
23 hospital, medical-surgical, and sick care benefits plan, the
24 dental plan, vision plan, or hearing plan, or any combination of
25 the plans for the benefit of the retirant and his or her health
26 insurance beneficiaries, or for the benefit of the retirant's or
27 deceased member's retirement allowance beneficiary if the

1 retirant or deceased member has 30 years or more of service
2 credit or 30 years or more of employment with a reporting unit or
3 units under this act. If a retirant or deceased member described
4 in this subsection has 10 or more but less than 30 years of
5 service credit or years of reporting unit employment under this
6 act, the retirement system shall pay a portion of the monthly
7 premium or membership or subscription fee for the plans or
8 combination of plans equal to the product of 3% and the
9 retirant's or deceased member's years of service. Additionally,
10 if a retirant or deceased member described in this subsection has
11 less than 30 years of service credit and is less than 60 years of
12 age, the retirement system shall reduce the amount payable under
13 this subsection by the formula used to reduce a retirement
14 allowance under section 84(2).

15 (9) The retirement system shall not pay the premiums or
16 membership or subscription fees under subsection (8) until the
17 retirant or retirement allowance beneficiary requests enrollment
18 in the plans or combination of plans in writing in the manner
19 prescribed by the retirement system. Subsection (8) does not
20 apply to a member who receives a disability retirement allowance
21 under section 86, 87, or 135a or to a deceased member's
22 retirement allowance beneficiary under section 90.

23 (10) ~~—(8)—~~ Any retirant or retirement allowance beneficiary
24 excluded from payments under this section may participate in the
25 hospital, medical-surgical, and sick care benefits plan, the
26 dental plan, vision plan, or hearing plan, or any combination of
27 the plans described in this section in the manner prescribed by

1 the retirement system at his or her own cost.

2 **(11)** ~~—(9)—~~ The hospital, medical-surgical, and sick care
3 benefits plan, dental plan, vision plan, and hearing plan that
4 covers retirants, retirement allowance beneficiaries, and health
5 insurance dependents pursuant to this section shall contain a
6 coordination of benefits provision that provides all of the
7 following:

8 (a) If the person covered under the hospital,
9 medical-surgical, and sick care benefits plan is also eligible
10 for medicare or medicaid, or both, then the benefits under
11 medicare or medicaid, or both, shall be determined before the
12 benefits of the hospital, medical-surgical, and sick care
13 benefits plan provided pursuant to this section.

14 (b) If the person covered under any of the plans provided by
15 this section is also covered under another plan that contains a
16 coordination of benefits provision, the benefits shall be
17 coordinated as provided by the coordination of benefits act, 1984
18 PA 64, MCL 550.251 to 550.255.

19 (c) If the person covered under any of the plans provided by
20 this section is also covered under another plan that does not
21 contain a coordination of benefits provision, the benefits under
22 the other plan shall be determined before the benefits of the
23 plan provided pursuant to this section.

24 **(12)** ~~—(10)—~~ For purposes of this section:

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

26 (i) The spouse of the retirant or the surviving spouse to
27 whom the retirant or deceased member was married at the time of

1 the retirant's or deceased member's death.

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

5 (iii) An unmarried child, by birth or adoption, of the
6 retirant or deceased member, until December 31 of the calendar
7 year in which the child becomes 25 years of age, who is enrolled
8 as a full-time student, and who is or was at the time of the
9 retirant's or deceased member's death a dependent of the retirant
10 or deceased member as defined in section 152 of the internal
11 revenue code.

12 (iv) An unmarried child, by birth or adoption, of the
13 retirant or deceased member who is incapable of self-sustaining
14 employment because of mental or physical disability, and who is
15 or was at the time of the retirant's or deceased member's death a
16 dependent of the retirant or deceased member as defined in
17 section 152 of the internal revenue code.

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

21 (b) "Medicaid" means benefits under the federal medicaid
22 program established under title XIX of the social security act,
23 chapter 531, ~~49 Stat. 620, 42 U.S.C.~~ **42 USC** 1396 to 1396f,
24 1396g-1 to 1396r-6, and 1396r-8 to 1396v.

25 (c) "Medicare" means benefits under the federal medicare
26 program established under title XVIII of the social security act,
27 chapter 531, ~~49 Stat. 620, 42 U.S.C.~~ **42 USC** 1395 to 1395b,

- 1 1395b-2, 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5,
- 2 1395j to 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to
- 3 1395w-28, 1395x to 1395yy, and 1395bbb to 1395ggg.