

# HOUSE BILL No. 4798

May 17, 2007, Introduced by Reps. Johnson, Melton, Gillard, Lemmons, Condino, Clemente and Hammon and referred to the Committee on Education.

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 2006 PA 617.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 91. (1) Except as otherwise provided in this section, the  
2       retirement system shall pay the entire monthly premium or  
3       membership or subscription fee for hospital, medical-surgical, and  
4       sick care benefits for the benefit of a retirant or retirement  
5       allowance beneficiary who elects coverage in the plan authorized by  
6       the retirement board and the department. Upon the death of the  
7       retirant, a retirement allowance beneficiary who became a  
8       retirement allowance beneficiary under section 85(8) or (9) is not  
9       a health insurance dependent and is not entitled to health benefits

1 under this section except as provided in subsection (10). **THIS**  
2 **SUBSECTION DOES NOT APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER**  
3 **AFTER JUNE 30, 2007.**

4 (2) The retirement system may pay up to the maximum of the  
5 amount payable under subsection (1) toward the monthly premium for  
6 hospital, medical-surgical, and sick care benefits for the benefit  
7 of a retirant or retirement allowance beneficiary enrolled in a  
8 group health insurance or prepaid service plan not authorized by  
9 the retirement board and the department, if enrolled before June 1,  
10 1975, for whom the retirement system on July 18, 1983 was making a  
11 payment towards his or her monthly premium.

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

17 (4) The retirement system shall pay 90% of the monthly premium  
18 or membership or subscription fee for dental, vision, and hearing  
19 benefits for the benefit of a retirant or retirement allowance  
20 beneficiary who elects coverage in the plan authorized by the  
21 retirement board and the department. Payments shall begin under  
22 this subsection upon approval by the retirement board and the  
23 department of plan coverage and a plan provider. **THIS SUBSECTION**  
24 **DOES NOT APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE**  
25 **30, 2007.**

26 (5) The retirement system shall pay up to 90% of the maximum  
27 of the amount payable under subsection (1) toward the monthly

1 premium or membership or subscription fee for hospital, medical-  
2 surgical, and sick care benefits coverage described in subsections  
3 (1) and (2) for each health insurance dependent of a retirant  
4 receiving benefits under subsection (1) or (2). Payment shall not  
5 exceed 90% of the actual monthly premium or membership or  
6 subscription fee. The retirement system shall pay 90% of the  
7 monthly premium or membership or subscription fee for dental,  
8 vision, and hearing benefits described in subsection (4) for the  
9 benefit of each health insurance dependent of a retirant receiving  
10 benefits under subsection (4). Payment for health benefits coverage  
11 for a health insurance dependent of a retirant shall not be made  
12 after the retirant's death, unless the retirant designated a  
13 retirement allowance beneficiary as provided in section 85 and the  
14 dependent was covered or eligible for coverage as a health  
15 insurance dependent of the retirant on the retirant's date of  
16 death. Payment for health benefits coverage shall not be made for a  
17 health insurance dependent after the later of the retirant's death  
18 or the retirement allowance beneficiary's death. Payment under this  
19 subsection and subsection (6) began October 1, 1985 for health  
20 insurance dependents who on July 10, 1985 were covered by the  
21 hospital, medical-surgical, and sick care benefits plan authorized  
22 by the retirement board and the department. Payment under this  
23 subsection and subsection (6) for other health insurance dependents  
24 shall not begin before January 1, 1986. **THIS SUBSECTION DOES NOT**  
25 **APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE 30, 2007.**

26 (6) The payment described in subsection (5) shall also be made  
27 for each health insurance dependent of a deceased member or

1 deceased duty disability retirant if a retirement allowance is  
2 being paid to a retirement allowance beneficiary because of the  
3 death of the member or duty disability retirant as provided in  
4 section 43c(c), 89, or 90. Payment for health benefits coverage for  
5 a health insurance dependent shall not be made after the retirement  
6 allowance beneficiary's death.

7 (7) The payments provided by this section shall not be made on  
8 behalf of a retiring section 82 deferred member or health insurance  
9 dependent of a deferred member having less than 21 full years of  
10 attained credited service or the retiring deferred member's  
11 retirement allowance beneficiary, and shall not be made on behalf  
12 of a retirement allowance beneficiary of a deferred member who dies  
13 before retiring. The retirement system shall pay, on behalf of a  
14 retiring section 82 deferred member or health insurance dependent  
15 of a deferred member or a retirement allowance beneficiary of a  
16 deceased deferred member, either of whose allowance is based upon  
17 not less than 21 years of attained credited service, 10% of the  
18 payments provided by this section, increased by 10% for each  
19 attained full year of credited service beyond 21 years, not to  
20 exceed 100%. This subsection applies to any member who **FIRST BECAME**  
21 **A MEMBER ON OR BEFORE JUNE 30, 2007 AND** attains deferred status  
22 under section 82 after October 31, 1980.

23 (8) **FOR A MEMBER OR DEFERRED MEMBER WHO FIRST BECOMES A MEMBER**  
24 **AFTER JUNE 30, 2007, THE RETIREMENT SYSTEM SHALL PAY UP TO 90% OF**  
25 **THE MONTHLY PREMIUM OR MEMBERSHIP OR SUBSCRIPTION FEE FOR THE**  
26 **HOSPITAL, MEDICAL-SURGICAL, AND SICK CARE BENEFITS PLAN, THE DENTAL**  
27 **PLAN, VISION PLAN, OR HEARING PLAN, OR ANY COMBINATION OF THE PLANS**

1 FOR THE BENEFIT OF THE RETIRANT AND HIS OR HER HEALTH INSURANCE  
2 BENEFICIARIES, OR FOR THE BENEFIT OF THE RETIRANT'S OR DECEASED  
3 MEMBER'S RETIREMENT ALLOWANCE BENEFICIARY IF THE RETIRANT OR  
4 DECEASED MEMBER HAS 30 YEARS OR MORE OF SERVICE CREDIT OR 30 YEARS  
5 OR MORE OF EMPLOYMENT WITH A REPORTING UNIT OR UNITS UNDER THIS  
6 ACT. IF A RETIRANT OR DECEASED MEMBER DESCRIBED IN THIS SUBSECTION  
7 HAS 10 OR MORE BUT LESS THAN 30 YEARS OF SERVICE CREDIT OR YEARS OF  
8 REPORTING UNIT EMPLOYMENT UNDER THIS ACT, THE RETIREMENT SYSTEM  
9 SHALL PAY A PORTION OF THE MONTHLY PREMIUM OR MEMBERSHIP OR  
10 SUBSCRIPTION FEE FOR THE PLANS OR COMBINATION OF PLANS EQUAL TO THE  
11 PRODUCT OF 3% AND THE RETIRANT'S OR DECEASED MEMBER'S YEARS OF  
12 SERVICE. ADDITIONALLY, IF A RETIRANT OR DECEASED MEMBER DESCRIBED  
13 IN THIS SUBSECTION HAS LESS THAN 30 YEARS OF SERVICE CREDIT AND IS  
14 LESS THAN 60 YEARS OF AGE, THE RETIREMENT SYSTEM SHALL REDUCE THE  
15 AMOUNT PAYABLE UNDER THIS SUBSECTION BY THE FORMULA USED TO REDUCE  
16 A RETIREMENT ALLOWANCE UNDER SECTION 84(2).

17 (9) THE RETIREMENT SYSTEM SHALL NOT PAY THE PREMIUMS OR  
18 MEMBERSHIP OR SUBSCRIPTION FEES UNDER SUBSECTION (8) UNTIL THE  
19 RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY REQUESTS ENROLLMENT IN  
20 THE PLANS OR COMBINATION OF PLANS IN WRITING IN THE MANNER  
21 PRESCRIBED BY THE RETIREMENT SYSTEM. SUBSECTION (8) DOES NOT APPLY  
22 TO A MEMBER WHO RECEIVES A DISABILITY RETIREMENT ALLOWANCE UNDER  
23 SECTION 86, 87, OR 135A OR TO A DECEASED MEMBER'S RETIREMENT  
24 ALLOWANCE BENEFICIARY UNDER SECTION 90.

25 (10) ~~(8)~~ Any retirant or retirement allowance beneficiary  
26 excluded from payments under this section may participate in the  
27 hospital, medical-surgical, and sick care benefits plan, the dental

1 plan, vision plan, or hearing plan, or any combination of the plans  
2 described in this section in the manner prescribed by the  
3 retirement system at his or her own cost.

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

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

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

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

26 (12) ~~(10)~~—A surviving spouse selected as a retirement  
27 allowance beneficiary under section 85(8) or (9) may elect the

1 insurance coverages provided in this section provided that payment  
2 for the elected coverages is the responsibility of the surviving  
3 spouse and is paid in a manner prescribed by the retirement system.

4 (13) ~~(11)~~—For purposes of this section:

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

6 (i) Except as provided in subsection (1), the spouse of the  
7 retirant or the surviving spouse to whom the retirant or deceased  
8 member was married at the time of the retirant's or deceased  
9 member's death.

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

13 (iii) An unmarried child, by birth or adoption, of the retirant  
14 or deceased member, until December 31 of the calendar year in which  
15 the child becomes 25 years of age, who is enrolled as a full-time  
16 student, and who is or was at the time of the retirant's or  
17 deceased member's death a dependent of the retirant or deceased  
18 member as defined in section 152 of the internal revenue code.

19 (iv) An unmarried child, by birth or adoption, of the retirant  
20 or deceased member who is incapable of self-sustaining employment  
21 because of mental or physical disability, and who is or was at the  
22 time of the retirant's or deceased member's death a dependent of  
23 the retirant or deceased member as defined in section 152 of the  
24 internal revenue code.

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

1           (vi) An unmarried child who is not the child by birth or  
2 adoption of the retirant or deceased member but who otherwise  
3 qualifies to be a health insurance dependent under subparagraph  
4 (ii), (iii), or (iv), if the retirant or deceased member is the legal  
5 guardian of the unmarried child.

6           (b) "Medicaid" means benefits under the federal medicaid  
7 program established under title XIX of the social security act,  
8 chapter 531, 49 Stat. 620, 42 USC 1396 to 1396f, 1396g-1 to 1396r-  
9 6, and 1396r-8 to 1396v.

10          (c) "Medicare" means benefits under the federal medicare  
11 program established under title XVIII of the social security act,  
12 chapter 531, 49 Stat. 620, 42 USC 1395 to 1395b, 1395b-2, 1395b-6  
13 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t,  
14 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to  
15 1395yy, and 1395bbb to 1395ggg.

16          Enacting section 1. This amendatory act does not take effect  
17 unless Senate Bill No.\_\_\_\_ or House Bill No. 4797(request no.  
18 03178'07 \*) of the 94th Legislature is enacted into law.