

SUBSTITUTE FOR
HOUSE BILL NO. 4415

A bill to amend 1943 PA 240, entitled
"State employees' retirement act,"
by amending section 68c (MCL 38.68c), as amended by 2010 PA 185.

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, 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 employed

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

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

19 (a) If the person covered under any of the plans is also
20 eligible for medicare, then the benefits under medicare shall be
21 determined before the health insurance 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 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 be determined before the benefits provided pursuant to
4 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 include the
21 name of the retirant, the capacity in which the retirant is
22 employed, and the total compensation paid to the retirant.

23 (4) Subsection (1) does not apply to the appointment of a
24 retirant who was an assistant attorney general as a special
25 assistant attorney general when the attorney general determines
26 that, as a result of his or her previous employment with the state,
27 the retirant possesses specialized expertise and experience

1 necessary for the appointment and that the appointment is the most
2 cost-effective option for this state.

3 (5) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF THE
4 RETIRANT IS BEING COMPENSATED ON A PER DIEM BASIS BY THE DEPARTMENT
5 OF NATURAL RESOURCES FOR WILDFIRE SUPPRESSION SERVICES DURING PEAK
6 WILDFIRE CONDITIONS, AS THE DEPARTMENT OF NATURAL RESOURCES
7 DETERMINES IS NECESSARY.

8 (6) SUBSECTION (1) DOES NOT APPLY TO THE APPOINTMENT OF A
9 RETIRANT WHO WAS AN ATTORNEY FOR THE LEGAL DIVISION OF THE
10 LEGISLATIVE SERVICE BUREAU WHEN THE LEGISLATIVE COUNCIL
11 ADMINISTRATOR DETERMINES THAT, AS A RESULT OF HIS OR HER PREVIOUS
12 EMPLOYMENT WITH THE STATE, THE RETIRANT POSSESSES SPECIALIZED
13 EXPERTISE AND EXPERIENCE NECESSARY FOR THE APPOINTMENT AND THAT THE
14 APPOINTMENT IS THE MOST COST-EFFECTIVE OPTION FOR THIS STATE.