

SUBSTITUTE FOR
HOUSE BILL NO. 5548

A bill to amend 1957 PA 261, entitled
"Michigan legislative retirement system act,"
by amending sections 50b and 79 (MCL 38.1050b and 38.1079), section
50b as amended by 1998 PA 501 and section 79 as amended by 2011 PA
200.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 50b. (1) For a retirant or a survivor or beneficiary of a
2 deceased retirant, or for a deferred vested member if that deferred
3 vested member first became a member on or before January 1, 1995,
4 the retirement system shall purchase and, **SUBJECT TO SUBSECTION**
5 **(3)**, pay the premium for hospitalization and medical insurance
6 coverage and dental and vision coverage for the retirant, deferred
7 vested member, and the spouses, eligible children, and survivors of

1 those retirants and deferred vested members. Except as otherwise
2 provided in this section, the retirement system shall provide
3 hospitalization and medical insurance coverage and dental and
4 vision insurance coverage under this section at a level that is
5 equal to or greater than the level of insurance coverage under this
6 section in effect on December 1, 1992. The retirement board may
7 increase the amounts each person who is enrolled in insurance
8 coverage under this section is required to pay for co-pays or
9 deductibles under that insurance coverage.

10 (2) On and after March 31, 1997, the retirement system shall
11 also pay health insurance premiums described in this section in the
12 manner prescribed in section 79.

13 (3) BEGINNING JANUARY 1, 2013, THE RETIREMENT SYSTEM SHALL PAY
14 80% OF THE ENTIRE MONTHLY PREMIUM FOR HOSPITALIZATION AND MEDICAL
15 INSURANCE COVERAGE AND DENTAL AND VISION COVERAGE FOR THE RETIRANT,
16 DEFERRED VESTED MEMBER, AND THE SPOUSES, ELIGIBLE CHILDREN, AND
17 SURVIVORS OF THOSE RETIRANTS AND DEFERRED VESTED MEMBERS WHO ARE
18 ELIGIBLE FOR THAT COVERAGE UNDER SUBSECTION (1).

19 Sec. 79. (1) A former qualified participant may elect health
20 insurance benefits in the manner prescribed in this section if he
21 or she meets both of the following requirements:

22 (a) The former qualified participant is vested in health
23 benefits under section 75(2).

24 (b) The former qualified participant meets 1 of the following
25 requirements:

26 (i) He or she meets or exceeds the benefit commencement age
27 employed in the actuarial present value calculation under section

1 62 and the service requirements that would have applied to that
2 former participant under Tier 1 for receiving health insurance
3 coverage under section 50b, if that former participant was a member
4 of Tier 1.

5 (ii) He or she is 55 years of age or older.

6 (2) A former qualified participant who is eligible to elect
7 health insurance coverage under subsection (1) may elect health
8 insurance coverage in a health benefit plan or plans as authorized
9 by section 50b. A former qualified participant who is eligible to
10 elect health insurance coverage under subsection (1) may also elect
11 health insurance coverage for his or her health benefit dependents,
12 if any. A surviving health benefit dependent of a deceased former
13 qualified participant who is eligible to elect health insurance
14 coverage under subsection (1) may elect health insurance coverage
15 to begin at the death of the deceased former qualified participant
16 in the manner prescribed in this section.

17 (3) An individual who elects health insurance coverage under
18 this section shall become a member of a health insurance coverage
19 group authorized pursuant to section 50b.

20 (4) 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 75(2)(a) or (c), and for his
23 or her health benefit dependents, this state shall pay a portion of
24 the health insurance premium as calculated under this subsection on
25 a cash disbursement method. An individual described in this
26 subsection who elects health insurance coverage under this section
27 shall pay to the retirement system the remaining portion of the

1 health insurance coverage premium not paid by this state under this
2 subsection. ~~The~~ **UNTIL DECEMBER 31, 2012, THE** portion of the health
3 insurance coverage premium paid by this state under this subsection
4 shall be 90% of the payments for health insurance coverage under
5 section 50b. **BEGINNING JANUARY 1, 2013, THE PORTION OF THE HEALTH**
6 **INSURANCE COVERAGE PREMIUM PAID BY THIS STATE UNDER THIS SUBSECTION**
7 **SHALL NOT EXCEED 80% OF THE ENTIRE PREMIUM FOR HEALTH INSURANCE**
8 **COVERAGE DESCRIBED IN SECTION 50B.** If the individual elects the
9 health insurance coverage provided under section 50b, this state
10 shall transfer its portion of the amount calculated under this
11 subsection to the health insurance fund created by section 22c.

12 (5) For a former qualified participant who is eligible to
13 elect health insurance coverage under subsection (1) and who is
14 vested in those benefits under section 75(2)(b), and for his or her
15 health benefit dependents, this state shall pay a portion of the
16 health insurance premium as calculated under this subsection on a
17 cash disbursement method. An individual described in this
18 subsection who elects health insurance coverage under this section
19 shall pay to the retirement system the remaining portion of the
20 health insurance coverage premium not paid by this state under this
21 subsection. The portion of the health insurance coverage premium
22 paid by this state under this subsection shall be equal to the
23 premium amounts paid on behalf of retirants of Tier 1 for health
24 insurance coverage under section 50b. If the individual elects the
25 health insurance coverage provided under section 50b, the state
26 shall transfer its portion of the amount calculated under this
27 subsection to the health insurance fund created by section 22c.

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

7 (7) A former qualified participant who does not meet the
8 vesting requirements of section 75(2) is not eligible for health
9 insurance benefits under this act.