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BILL ANALYSIS

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House Bill 5664 (as passed by the House)
Sponsor: Representative Robert VerHeulen
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 12-6-16

CONTENT

The bill would amend the State Employees' Retirement Act to allow retirees to be hired by the Department of Health and Human Services (DHHS) as psychiatrists to provide services in psychiatric hospitals operated by the DHHS, and to retain their pension allowance during the time of reemployment. Under current law, a retiree (except one meeting certain qualifications, described below) who is rehired by the State has his or her pension payments suspended during the time of reemployment, with the pension reinstated when the reemployment is completed.

The Act allows the following categories of individuals to be rehired after retirement, and collect both an active employee paycheck and a pension allowance: retirees hired by the Department of Corrections to provide health care services to individuals under the jurisdiction of the Department; a retired assistant attorney general appointed to the same post; and a person the Department of Attorney General contracts with as a witness, expert, or consultant for litigation involving the State.

The bill would add to the list of retirees exempt from the "double-dipping" prohibition retirees rehired by the DHHS as psychiatrists in State psychiatric hospitals, as long as the following conditions were met: the DHHS determined that the retiree possessed specialized expertise and experience necessary and that the hiring of the retiree was the most cost-effective option for the State, and the retiree retired before October 1, 2015.

MCL 38.68c

FISCAL IMPACT

Because the bill would limit the pool of prospective rehired retirees to those who are already retired, and therefore not result in an incentive to retire earlier than otherwise planned, there would be no fiscal impact on the State Employees' Retirement System, unless these rehired retirees would have returned to work and forfeited their pensions in the absence of the legislation. In that situation, the System would save money equal to the amount of pension forfeited during reemployment. However, if that would not have occurred (i.e., the retired psychiatrists would not have returned to State employment, and would have continued to draw earned pensions), then there would be no impact on the System under this bill.

The DHHS would have to determine that the rehiring of a retired psychiatrist was the most cost-effective option; therefore, this provision of the bill could result in some minor savings to the DHHS if the Department were able to rehire personnel already trained and experienced.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.