

FORFEITURE OF RETIREMENT HEALTH BENEFITS FOR CERTAIN PUBLIC EMPLOYEES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5918 as introduced
Sponsor: Rep. Peter J. Lucido
Committee: Financial Liability Reform
Complete to 9-4-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5918 would amend the Public Employee Retirement Benefits Forfeiture Act to eliminate *retiree health benefits* for certain public employees who resign or are terminated for willful and wanton neglect of duty.

Under the bill, *retiree health benefits* would mean an annuity, allowance, payment, or contribution to, for, or on behalf of a former state employee or his or her dependent to pay for any of the following:

- Expenses related to drugs or medical, dental, hearing, or vision care.
- Premiums for insurance covering drugs or medical, dental, hearing, or vision care.
- Expenses or premiums for life, disability, long-term care, or similar welfare benefits.

Applicable public employees would include any member of one of the following state retirement systems:

- Michigan State Employees' Retirement System (SERS)
- Michigan Public School Employees' Retirement System (MPERS)
- Michigan Judges' Retirement System (JRS)
- Michigan State Police Retirement System (SPRS)
- Michigan Legislative Retirement System (LRS)

FISCAL IMPACT:

House Bill 5918 would reduce costs, although negligibly, for the applicable retirement system depending on the number of employees for whom the forfeiture would apply, the retirement health benefit for which an applicable employee were eligible—as benefits have diminished over time, and in which system the applicable employee were a member.

For reference, in FY 2017, on average, SERS spent approximately \$8,700 on health care benefits per retiree (including dependents), while MPERS spent approximately \$3,600. Combined, these two retirement systems—the largest of the applicable five—spent \$1.0 billion on health care benefits in FY 2017.

Fiscal Analyst: Bethany Wicksall

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.