

HOUSE BILL No. 4877

May 30, 1989, Introduced by Reps. Kilpatrick, Saunders, DeMars, Hunter, Allen, Sofio, Berman, Johnson, Barns, Bennane, Hood, Harrison, Joe Young, Sr., Watkins, Wallace, Profit and Joe Young, Jr. and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 82 and 91 of Act No. 300 of the Public Acts of 1980, entitled "The public school employees retirement act of 1979," section 91 as amended by Act No. 91 of the Public Acts of 1985, being sections 38.1382 and 38.1391 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 82 and 91 of Act No. 300 of the Public
2 Acts of 1980, section 91 as amended by Act No. 91 of the Public
3 Acts of 1985, being sections 38.1382 and 38.1391 of the Michigan
4 Compiled Laws, are amended to read as follows:

5 Sec. 82. (1) A member who terminates reporting unit service
6 before 60 years of age for a reason other than the member's
7 retirement or death, who does not withdraw accumulated
8 contributions standing to the member's credit in the annuity

1 accumulation fund, and who has or maintains in effect 10 or more
2 years of credited service shall be entitled to a deferred vested
3 service retirement allowance computed pursuant to section 84
4 based upon the last year of credited service of the member's
5 final average compensation period. Upon or after 60 years of
6 age, entitlement of the member's deferred vested service retire-
7 ment allowance shall begin the first day of the calendar month
8 next following the deferred member's written application filed
9 with the retirement board on forms furnished by the RETIREMENT
10 board. The deferred member's entitlement to a deferred vested
11 service retirement allowance based on prior service or contribu--
12 tory membership service, or both, shall be forfeited if the
13 deferred member withdraws from the retirement system the member's
14 accumulated contributions unless the service is reinstated as
15 provided in section 66. A member who meets all of the qualifica-
16 tions of this subsection, has 30 or more years of credited serv-
17 ice, and leaves service before the member's fifty-fifth birthday
18 for a reason other than retirement or death shall be entitled to
19 a deferred vested service retirement allowance at 55 years of
20 age. A FORMER MEMBER WHO TERMINATED REPORTING UNIT SERVICE
21 BEFORE AUGUST 1, 1974, AND WHO OTHERWISE QUALIFIES FOR RECEIPT OF
22 A DEFERRED VESTED SERVICE RETIREMENT ALLOWANCE UNDER THIS SUBSEC-
23 TION, SHALL BE ENTITLED TO RECEIVE A DEFERRED VESTED SERVICE
24 RETIREMENT ALLOWANCE SUBJECT TO THE CONDITIONS DESCRIBED IN THIS
25 SUBSECTION. HOWEVER, THAT FORMER MEMBER SHALL NOT BE ENTITLED TO
26 RECEIVE THE DEFERRED VESTED SERVICE RETIREMENT ALLOWANCE
27 ATTRIBUTABLE TO ANY MONTH BEGINNING BEFORE THE MONTH FOLLOWING

1 THE FILING OF THE WRITTEN APPLICATION WITH THE RETIREMENT BOARD
2 UNDER THIS SUBSECTION.

3 (2) If a member, before terminating reporting unit services,
4 selects the option provided in section 85(1)(b), but dies before
5 the effective date of the member's deferred vested service
6 retirement allowance, the option provided in section 85(1)(b) and
7 selected by the deferred member shall be paid to the retirement
8 allowance beneficiary, at the time the deceased deferred member
9 would have otherwise been eligible to begin receiving the
10 deferred vested service retirement allowance.

11 Sec. 91. (1) The retirement system shall pay the entire
12 monthly premium or membership or subscription fee for hospital,
13 medical-surgical, and sick care benefits for the benefit of a
14 retirant or retirement allowance beneficiary who elects coverage
15 in a group health benefits plan authorized by the retirement
16 board and the department. The retirement board and the depart-
17 ment shall authorize membership in a health maintenance organi-
18 zation licensed under article 17 of the public health code, Act
19 No. 368 of the Public Acts of 1978, being sections 333.20101 to
20 ~~333.22101~~ 333.22260 of the Michigan Compiled Laws.

21 ~~(2) The retirement system shall pay, up to the maximum~~
22 ~~amount payable under subsection (1), the entire monthly premium~~
23 ~~or membership or subscription fee for hospital, medical surgical,~~
24 ~~and sick care benefits for the benefit of a retirant or retire-~~
25 ~~ment allowance beneficiary who elects coverage in an alternative~~
26 ~~group health benefits plan. This subsection shall not apply~~
27 ~~before January 1, 1986, or after December 31, 1988. A retirant~~

~~1 or retirement allowance beneficiary in receipt of a retirement
2 allowance on January 1, 1986, who on December 31, 1985 is covered
3 by the group health benefits plan authorized by the retirement
4 board and the department under subsection (1), shall not be eli-
5 gible to elect coverage in an alternative group health benefits
6 plan until the expiration of the contract between the retirement
7 system and the entity providing coverage under subsection (1) on
8 December 31, 1985.~~

9 (2) ~~(3)~~ The retirement system may pay up to the maximum of
10 the amount payable under subsection (1) toward the monthly pre-
11 mium for hospital, medical-surgical, and sick care benefits for
12 the benefit of a retirant or retirement allowance beneficiary
13 enrolled in a group health insurance or prepaid service plan not
14 authorized by the retirement board and the department, if
15 enrolled prior to June 1, 1975, for whom the retirement system on
16 July 18, 1983 was making a payment towards his or her monthly
17 premium.

18 (3) ~~(4)~~ A retirant or retirement allowance beneficiary
19 receiving health benefits coverage under this section, until eli-
20 gible for medicare, shall have an amount equal to the cost
21 chargeable to a medicare recipient for part B of medicare
22 deducted from his or her retirement allowance.

23 (4) ~~(5)~~ The retirement system shall pay up to 90% of the
24 maximum of the amount payable under subsection (1) toward the
25 monthly premium or membership or subscription fee for health ben-
26 efits coverage described in subsections (1) ~~to (3)~~ AND (2) for
27 each health insurance dependent of a retirant. Payment shall not

1 exceed 90% of the actual monthly premium or membership or
2 subscription fee. Payment for health benefits coverage for a
3 health insurance dependent of a retirant shall not be made after
4 the retirant's death, unless the retirant designated a retirement
5 allowance beneficiary as provided in section 85 and the dependent
6 was covered or eligible for coverage as a health insurance depen-
7 dent of the retirant on the retirant's date of death. Payment
8 for health benefits coverage shall not be made for a health
9 insurance dependent after the later of the retirant's death or
10 the retirement allowance beneficiary's death. Payment under this
11 subsection and subsection ~~(6)~~ (5) shall begin October 1, 1985
12 for health insurance dependents who on ~~the effective date of~~
13 ~~this subsection~~ JULY 10, 1985 are covered by the group health
14 benefits plan authorized by the retirement board and the
15 department. Payment under this subsection and subsection ~~(6)~~
16 (5) for other health insurance dependents shall not begin before
17 January 1, 1986.

18 (5) ~~(6)~~ The payment described in subsection ~~(5)~~ (4)
19 shall also be made for each health insurance dependent of a
20 deceased member or deceased duty disability retirant if a retire-
21 ment allowance is being paid to a retirement allowance benefi-
22 ciary because of the death of the member or duty disability
23 retirant as provided in section 43c(c), 89, or 90. Payment for
24 ~~a~~ health benefits coverage for a health insurance dependent
25 shall not be made after the retirement allowance beneficiary's
26 death.

~~(7) The payments provided by this section shall not be made on behalf of a retiring section 82 deferred member or health insurance dependent of a deferred member having less than 21 full years of attained credited service or the retiring deferred member's retirement allowance beneficiary, and shall not be made on behalf of a retirement allowance beneficiary of a deferred member who dies before retiring. The retirement system shall pay, on behalf of a retiring section 82 deferred member or health insurance dependent of a deferred member or a retirement allowance beneficiary of a deceased deferred member, either of whose allowance is based upon not less than 21 years of attained credited service, 10% of the payments provided by this section, increased by 10% for each attained full year of credited service beyond 21 years, not to exceed 100%. This subsection shall apply to any member attaining deferred status under section 82 after October 31, 1980.~~

(6) ~~(8)~~ Any retirant or retirement allowance beneficiary excluded from payments under this section may participate in a group health benefits plan providing health benefits coverage described in this section at his or her own cost.

(7) ~~(9)~~ A group health benefits plan ~~which~~ THAT covers retirants, retirement allowance beneficiaries, and health insurance dependents pursuant to this section shall contain a coordination of benefits provision ~~which~~ THAT provides all of the following:

(a) If the person covered under the group health benefits plan is also eligible for medicare or medicaid, or both, then the

1 benefits under medicare or medicaid, or both, shall be determined
2 before the benefits of the group health benefits plan provided
3 pursuant to this section.

4 (b) If the person covered under the group health benefits
5 plan is also covered under another group health benefits plan
6 ~~which~~ THAT contains a coordination of benefits provision, the
7 benefits shall be coordinated as provided by the coordination of
8 benefits act, Act No. 64 of the Public Acts of 1984, being sec-
9 tions 550.251 to 550.255 of the Michigan Compiled Laws.

10 (c) If the person covered under the group health benefits
11 plan is also covered under another group health benefits plan
12 which does not contain a coordination of benefits provision, the
13 benefits under the other group health benefits plan shall be
14 determined before the benefits of the group health benefits plan
15 provided pursuant to this section.

16 ~~(10) The retirement board and the department shall desig-~~
17 ~~nate an open enrollment period, to begin on November 1, 1985 and~~
18 ~~end on November 30, 1985, for the enrollment of health insurance~~
19 ~~dependents in the group health benefits plan covering retirants~~
20 ~~and retirement allowance beneficiaries under subsection (1).~~
21 ~~Coverage for health insurance dependents enrolled during this~~
22 ~~period shall begin January 1, 1986.~~

23 ~~((1)) The retirement system shall prepare a report containing~~
24 ~~a statement of and a compilation of information relative to the~~
25 ~~loss experience of group health benefits plans covering retir-~~
26 ~~ants, retirement allowance beneficiaries, and health insurance~~
27 ~~dependents after the effective date of this subsection. The~~

~~1 report shall relate the experience of the covered group as a
2 whole and by provider for each year of coverage from October 1,
3 1985 to October 1, 1987, and shall be submitted to each of the
4 following not later than December 31, 1987:~~

~~5 (a) The director of the department.~~

~~6 (b) The retirement board.~~

~~7 (c) The chair of the house committee on senior citizens and
8 retirement.~~

~~9 (d) The chair of the retirement subcommittee of the house
10 appropriations committee.~~

~~11 (e) The chair of the senate committee on appropriations and
12 retirement.~~

~~13 (8) -(12) For purposes of this section:~~

~~14 (a) "Alternative group health benefits plan" or~~

~~15 "alternative plan" means a group health benefits plan covering
16 active members on or after the effective date of this amendatory
17 act and certified by the retirement board and the department.~~

~~18 The retirement board and the department shall certify an alterna-
19 tive plan if all of the following apply:~~

~~20 (i) The entity providing coverage under the plan is licensed
21 or otherwise authorized to do business in this state as an entity
22 described in subdivision (b)(v).~~

~~23 (ii) The entity agrees to provide coverage identical to cov-
24 erage provided by the group health benefits plan authorized by
25 the retirement board and the department, at no greater cost.~~

~~26 (iii) The entity agrees to provide the coverage described in
27 this section to any retirant, retirement allowance beneficiary,~~

~~1 or health insurance dependent, upon election by the retirant or~~
~~2 retirement allowance beneficiary or upon election by a health~~
~~3 insurance dependent of a deceased retirant or member, at the time~~
~~4 he or she becomes eligible for coverage, during any subsequent~~
~~5 open enrollment period, or upon the termination of coverage by~~
~~6 another entity, except as otherwise provided by this section,~~
~~7 without exclusion for preexisting conditions.~~

8 (A) ~~(b)~~ "Group health benefits plan" means a group plan
 9 ~~which~~ THAT provides hospital, medical-surgical, and sick care
 10 benefits to persons entitled to those benefits under this section
 11 pursuant to a contract between the retirement system and any of
 12 the following:

13 (i) A health care corporation incorporated under the non-
 14 profit health care corporation reform act, Act No. 350 of the
 15 Public Acts of 1980, being sections 550.1101 to 550.1704 of the
 16 Michigan Compiled Laws.

17 (ii) A health maintenance organization licensed under arti-
 18 cle 17 of the public health code, Act No. 368 of the Public Acts
 19 of 1978, being sections 333.20101 to ~~333.22181~~ 333.22260 of the
 20 Michigan Compiled Laws.

21 ~~(iii) A hospital service corporation incorporated under Act~~
 22 ~~No. 109 of the Public Acts of 1939, being sections 550.501 to~~
 23 ~~550.517 of the Michigan Compiled Laws.~~

24 (iii) ~~(iv)~~ An insurer as defined in section 106 of the
 25 insurance code of 1956, Act No. 218 of the Public Acts of 1956,
 26 being section 500.106 of the Michigan Compiled Laws.

1 ~~(v) A medical care corporation incorporated under Act~~
2 ~~No. 100 of the Public Acts of 1939, being sections 550.301 to~~
3 ~~550.316 of the Michigan Compiled Laws.~~

4 (B) ~~(c)~~ "Health insurance dependent" means any of the
5 following:

6 (i) The spouse of the retirant or the surviving spouse to
7 whom the retirant or deceased member was married at the time of
8 the retirant's or deceased member's death.

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

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

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

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

1 (C) ~~(d)~~ "Medicaid" means benefits under the federal
2 medicaid program established under title XIX of the social
3 security act.

4 (D) ~~(e)~~ "Medicare" means benefits under the federal medi-
5 care program established under title XVIII of the social security
6 act.