SUBSTITUTE FOR

HOUSE BILL NO. 5128

A bill to amend 1943 PA 240, entitled

"State employees' retirement act,"

by amending section 68c (MCL 38.68c), as amended by 2015 PA 20.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 68c. (1) Except as otherwise provided in this section, a retirant who is receiving a retirement allowance under this act and is employed by this state beginning after October 1, 2007 agrees to forfeit his or her right to receive that retirement allowance during this period of state employment. The retirement system shall cease payment of the retirement allowance to a retirant described in this subsection during this period of state employment and shall reinstate payment of the retirement allowance without recalculation when the period of state employment ceases. This subsection does not apply to a retirant who is directly or indirectly employed by this state on October 1, 2007 while he or she remains in the position held by the retirant on October 1, 2007. As used in this subsection, "employed by this state" means employed directly by this state as an employee, indirectly by this state through a contractual arrangement with other parties, or by engagement of the retirant by this state as an independent contractor. This subsection does not apply to a retirant who is engaged as an independent contractor on October 1, 2010 while the retirant remains engaged in the same contract that was held by the retirant on October 1, 2010 without amendment or extension.

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

(a) If the person covered under any of the plans is also eligible for Medicare, then the benefits under Medicare must be determined before the health insurance benefits under this act.

(b) If a person covered under any of the plans provided by this act is also covered under another plan that contains a coordination of benefits provision, the benefits must be coordinated as provided in the coordination of benefits act, 1984 PA 64, MCL 550.251 to 550.255.

(c) If the person covered under any of the plans provided by this act is also covered under another plan that does not contain a coordination of benefits provision, the benefits under the other plan must be determined before the benefits provided under this act.

(3) Subsection (1) does not apply to a retirant if all of the following apply:

(a) The retirant is hired to provide health care services to individuals under the jurisdiction of the department of corrections.

(b) The retirant is hired in a position that is limited in term, no benefits are paid, and pay is on a per diem basis.

(c) The department of corrections provides written notice to the state budget office and the department of technology, management, and budget that attempts have been made to fill the position through postings and recruitment and that the position vacancy still exists.

(d) The department of corrections reports the employment of a retirant under this subsection within 30 days of employment of the retirant to the state budget office and the department of technology, management, and budget. The report must include the name of the retirant, the capacity in which the retirant is employed, and the total compensation paid to the retirant.

(e) The retirant retired after a bona fide termination.

(4) Subsection (1) does not apply to the appointment of a retirant who retired after a bona fide termination and who was an assistant attorney general as a special assistant attorney general if the attorney general determines that, as a result of his or her previous employment with this state, the retirant possesses

specialized expertise and experience necessary for the appointment and that the appointment is the most cost-effective option for this state.

(5) Until September 30, 2015, subsection (1) does not apply to a retirant if all of the following apply:

(a) The retirant is hired to provide for the custody of individuals under the jurisdiction of the department of corrections.

(b) The retirant is hired in a position that is limited in term, no benefits are paid, and the pay is not more than 80% of the maximum hourly wage granted to classified civil service employees employed by the department of corrections to perform the same duties as the retirant for the fiscal year during which the retirant is employed.

(c) The retirant works no more than 1,040 hours in a 12-month period of state employment.

(d) The retirant retired after a bona fide termination of employment.

(6) Subsection (1) does not apply to a retirant if all of the following apply:

(a) The department of attorney general contracts with the retirant as a witness, expert, or consultant for litigation involving this state. The contract must provide that the retirant's service as a witness, expert, or consultant ends at the conclusion of the litigation.

(b) The attorney general determines that, as result of the retirant's previous employment with this state, the retirant possesses specialized expertise and experience necessary for the litigation and the contract is the most cost-effective option for the state.

(c) The retirant retired after a bona fide termination of employment.

(7) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF THE FOLLOWING APPLY:

(A) THE RETIRANT IS HIRED BY THE DEPARTMENT OF NATURAL RESOURCES FOR WILDLAND FIRE SUPPRESSION AS THE DEPARTMENT OF NATURAL RESOURCES DETERMINES NECESSARY.

(B) THE RETIRANT IS HIRED IN A POSITION THAT IS LIMITED IN TERM, NO BENEFITS ARE PAID, AND THE PAY IS NOT MORE THAN 80% OF THE MAXIMUM HOURLY WAGE GRANTED TO CLASSIFIED CIVIL SERVICE EMPLOYEES EMPLOYED BY THE DEPARTMENT OF NATURAL RESOURCES TO PERFORM THE SAME DUTIES AS THE RETIRANT FOR THE FISCAL YEAR DURING WHICH THE RETIRANT IS EMPLOYED.

(C) BY MARCH 1 OF EACH YEAR, THE DEPARTMENT OF NATURAL RESOURCES REPORTS THE EMPLOYMENT OF EACH RETIRANT UNDER THIS SUBSECTION FOR THE PRECEDING FISCAL YEAR TO THE HOUSE OF REPRESENTATIVES AND SENATE APPROPRIATIONS SUBCOMMITTEES THAT CONSIDER THE BUDGET OF THE DEPARTMENT OF NATURAL RESOURCES, THE STATE BUDGET OFFICE, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET. THE REPORT MUST INCLUDE THE NAME OF THE RETIRANT, THE CAPACITY IN WHICH THE RETIRANT IS EMPLOYED, AND THE TOTAL COMPENSATION PAID TO THE RETIRANT. A REPORT UNDER THIS SUBDIVISION MAY BE SUBMITTED ELECTRONICALLY.