
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 641 (Substitute S-1 as reported)
Sponsor: Senator George A. McManus, Jr.
Committee: Appropriations

CONTENT

The bill would amend the Public School Employees Retirement Act to make a change in the definition of a health insurance dependent. Currently, an unmarried child, by birth or adoption, of a retirant or deceased member is considered a dependent for health insurance purposes until December 31 of the year in which that child becomes 25 years of age if enrolled as a full-time student and if the child is or was at the time of the retirant's or deceased member's death dependent on the retirant or deceased member as defined in the Internal Revenue Code. Also, an unmarried child who is incapable of self-sustaining employment because of mental or physical disability is considered a dependent, without an age limitation, for health insurance purposes if that child was financially dependent on the retirant or deceased member as defined in the Internal Revenue Code.

The bill would delete the financial dependence clause. The bill also provides that full-time students and dependents incapable of self-sustaining employment would have to have annual incomes for the applicable calendar year that did not exceed 150% of the Federal poverty income standards.

MCL 38.1391

FISCAL IMPACT

The bill would have no fiscal impact on State or local sources of funding. Though there could be fewer dependents who would meet the new criteria, the actual amount of savings that could result to the State would be minimal and have little or no effect on the system's required contribution rate.

Date Completed: 10-2-00

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