

**SUBSTITUTE FOR
SENATE BILL NO. 546**

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 91 (MCL 38.1391), as amended by 2006 PA 617.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 91. (1) Except as otherwise provided in this section, the
2 retirement system shall pay the entire monthly premium or
3 membership or subscription fee for hospital, medical-surgical, and
4 sick care benefits for the benefit of a retirant or retirement
5 allowance beneficiary who elects coverage in the plan authorized by
6 the retirement board and the department. Upon the death of the
7 retirant, a retirement allowance beneficiary who became a
8 retirement allowance beneficiary under section 85(8) or (9) is not
9 a health insurance dependent and is not entitled to health benefits
10 under this section except as provided in subsection ~~(10)~~-(14).

1 **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), THIS SUBSECTION**
2 **DOES NOT APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE**
3 **30, 2008.**

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

12 (3) A retirant or retirement allowance beneficiary receiving
13 hospital, medical-surgical, and sick care benefits coverage under
14 subsection (1) or (2), until eligible for medicare, shall have an
15 amount equal to the cost chargeable to a medicare recipient for
16 part B of medicare deducted from his or her retirement allowance.

17 (4) The retirement system shall pay 90% of the monthly premium
18 or membership or subscription fee for dental, vision, and hearing
19 benefits for the benefit of a retirant or retirement allowance
20 beneficiary who elects coverage in the plan authorized by the
21 retirement board and the department. Payments shall begin under
22 this subsection upon approval by the retirement board and the
23 department of plan coverage and a plan provider. **EXCEPT AS**
24 **OTHERWISE PROVIDED IN SUBSECTION (8), THIS SUBSECTION DOES NOT**
25 **APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE 30, 2008.**

26 (5) The retirement system shall pay up to 90% of the maximum
27 of the amount payable under subsection (1) toward the monthly

1 premium or membership or subscription fee for hospital, medical-
2 surgical, and sick care benefits coverage described in subsections
3 (1) and (2) for each health insurance dependent of a retirant
4 receiving benefits under subsection (1) or (2). Payment shall not
5 exceed 90% of the actual monthly premium or membership or
6 subscription fee. The retirement system shall pay 90% of the
7 monthly premium or membership or subscription fee for dental,
8 vision, and hearing benefits described in subsection (4) for the
9 benefit of each health insurance dependent of a retirant receiving
10 benefits under subsection (4). Payment for health benefits coverage
11 for a health insurance dependent of a retirant shall not be made
12 after the retirant's death, unless the retirant designated a
13 retirement allowance beneficiary as provided in section 85 and the
14 dependent was covered or eligible for coverage as a health
15 insurance dependent of the retirant on the retirant's date of
16 death. Payment for health benefits coverage shall not be made for a
17 health insurance dependent after the later of the retirant's death
18 or the retirement allowance beneficiary's death. Payment under this
19 subsection and subsection (6) began October 1, 1985 for health
20 insurance dependents who on July 10, 1985 were covered by the
21 hospital, medical-surgical, and sick care benefits plan authorized
22 by the retirement board and the department. Payment under this
23 subsection and subsection (6) for other health insurance dependents
24 shall not begin before January 1, 1986. **EXCEPT AS OTHERWISE**
25 **PROVIDED IN SUBSECTION (8), THIS SUBSECTION DOES NOT APPLY TO A**
26 **RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE 30, 2008.**

27 (6) The payment described in subsection (5) shall also be made

1 for each health insurance dependent of a deceased member or
2 deceased duty disability retirant if a retirement allowance is
3 being paid to a retirement allowance beneficiary because of the
4 death of the member or duty disability retirant as provided in
5 section 43c(c), 89, or 90. Payment for health benefits coverage for
6 a health insurance dependent shall not be made after the retirement
7 allowance beneficiary's death.

8 (7) The payments provided by this section shall not be made on
9 behalf of a retiring section 82 deferred member or health insurance
10 dependent of a deferred member having less than 21 full years of
11 attained credited service or the retiring deferred member's
12 retirement allowance beneficiary, and shall not be made on behalf
13 of a retirement allowance beneficiary of a deferred member who dies
14 before retiring. The retirement system shall pay, on behalf of a
15 retiring section 82 deferred member or health insurance dependent
16 of a deferred member or a retirement allowance beneficiary of a
17 deceased deferred member, either of whose allowance is based upon
18 not less than 21 years of attained credited service, 10% of the
19 payments provided by this section, increased by 10% for each
20 attained full year of credited service beyond 21 years, not to
21 exceed 100%. This subsection applies to any member who **FIRST BECAME**
22 **A MEMBER ON OR BEFORE JUNE 30, 2008 AND** attains deferred status
23 under section 82 after October 31, 1980.

24 (8) **FOR A MEMBER OR DEFERRED MEMBER WHO FIRST BECOMES A MEMBER**
25 **AFTER JUNE 30, 2008, THE RETIREMENT SYSTEM SHALL PAY UP TO 90% OF**
26 **THE MONTHLY PREMIUM OR MEMBERSHIP OR SUBSCRIPTION FEE FOR THE**
27 **HOSPITAL, MEDICAL-SURGICAL, AND SICK CARE BENEFITS PLAN, THE DENTAL**

Senate Bill No. 546 as amended June 26, 2007

1 PLAN, VISION PLAN, AND HEARING PLAN, OR ANY COMBINATION OF THE
 2 PLANS FOR THE BENEFIT OF THE RETIRANT AND HIS OR HER RETIREMENT
 3 ALLOWANCE BENEFICIARY AND THE RETIRANT'S HEALTH INSURANCE
 4 DEPENDENTS, OR FOR THE BENEFIT OF THE DECEASED MEMBER'S RETIREMENT
 5 ALLOWANCE BENEFICIARY IF THE RETIRANT OR DECEASED MEMBER HAS 30
 6 YEARS OR MORE OF SERVICE CREDIT UNDER THIS ACT, AND THE RETIRANT,
 7 DECEASED RETIRANT, OR DECEASED MEMBER WAS AT LEAST 60 YEARS OF AGE
 8 AT THE TIME OF APPLICATION FOR BENEFITS UNDER THIS SECTION. <<IF THE
 RETIRANT OR DECEASED MEMBER IS LESS THAN 60 YEARS OF AGE AT THE TIME OF
 APPLICATION FOR BENEFITS UNDER THIS SECTION, THE RETIREMENT SYSTEM SHALL
 PAY 90% OF THE MONTHLY PREMIUM OR MEMBERSHIP OR SUBSCRIPTION FEE FOR THE
 HOSPITAL, MEDICAL-SURGICAL, AND SICK CARE BENEFITS PLAN, THE DENTAL PLAN,
 VISION PLAN, AND HEARING PLAN, OR ANY COMBINATION OF THE PLANS FOR THE
 BENEFIT OF THE RETIRANT AND HIS OR HER RETIREMENT ALLOWANCE BENEFICIARY
 AND THE RETIRANT'S HEALTH INSURANCE DEPENDENTS, OR FOR THE BENEFIT OF THE
 DECEASED MEMBER'S RETIREMENT ALLOWANCE BENEFICIARY IF THE RETIRANT OR
 DECEASED MEMBER HAS 30 OR MORE YEARS OF SERVICE CREDIT GRANTED UNDER
 SECTION 68.>> IF A

9 RETIRANT, DECEASED RETIRANT, OR DECEASED MEMBER DESCRIBED IN THIS
 10 SUBSECTION HAS 10 OR MORE BUT LESS THAN 30 YEARS OF SERVICE CREDIT
 11 UNDER THIS ACT AND THE RETIRANT WAS AT LEAST 60 YEARS OF AGE AT THE
 12 TIME OF APPLICATION FOR BENEFITS UNDER THIS SECTION, THE RETIREMENT
 13 SYSTEM SHALL PAY A PORTION OF THE MONTHLY PREMIUM OR MEMBERSHIP OR
 14 SUBSCRIPTION FEE FOR THE PLANS OR COMBINATION OF PLANS EQUAL TO THE
 15 PRODUCT OF 3% AND THE RETIRANT'S, DECEASED RETIRANT'S, OR DECEASED
 16 MEMBER'S YEARS OF SERVICE. THIS SUBSECTION DOES NOT APPLY TO A
 17 MEMBER WHO RECEIVES A DISABILITY RETIREMENT ALLOWANCE UNDER SECTION
 18 86 OR 87 OR TO A DECEASED MEMBER'S RETIREMENT ALLOWANCE BENEFICIARY
 19 UNDER SECTION 90.

20 (9) THE RETIREMENT SYSTEM SHALL NOT PAY THE PREMIUMS OR
 21 MEMBERSHIP OR SUBSCRIPTION FEES UNDER SUBSECTION (8) UNTIL THE
 22 RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY REQUESTS ENROLLMENT IN
 23 THE PLANS OR COMBINATION OF PLANS IN WRITING IN THE MANNER
 24 PRESCRIBED BY THE RETIREMENT SYSTEM.

25 (10) A MEMBER WHO RETIRES UNDER SECTION 43B OR 81 AND WHO
 26 ELECTS TO PURCHASE SERVICE CREDIT ON OR AFTER JULY 1, 2008 SHALL
 27 NOT BE ELIGIBLE FOR HEALTH BENEFITS UNDER THIS SECTION UNTIL THE

1 FIRST DATE THAT THE MEMBER WOULD HAVE BEEN ELIGIBLE TO RETIRE UNDER
2 SECTION 43B OR 81 IF HE OR SHE HAD NOT PURCHASED THE SERVICE CREDIT
3 AND HAD ACCRUED A SUFFICIENT AMOUNT OF SERVICE CREDIT PURSUANT TO
4 SECTION 68. A MEMBER WHO BECOMES A MEMBER ON OR AFTER JULY 1, 2008
5 SHALL NOT BE ELIGIBLE FOR HEALTH BENEFITS UNDER THIS SUBSECTION
6 UNTIL AT LEAST THE TIME OF APPLICATION UNDER SUBSECTION (8). THE
7 RETIREMENT SYSTEM SHALL APPLY A METHOD THAT ENABLES IT TO MAKE THE
8 DETERMINATION UNDER THIS SUBSECTION.

9 (11) EXCEPT FOR A MEMBER WHO RETIRES UNDER SECTION 86 OR 87 OR
10 A MEMBER WHO MEETS THE REQUIREMENTS UNDER SUBSECTION (7), THE
11 RETIREMENT SYSTEM SHALL NOT PAY THE BENEFITS PROVIDED IN SUBSECTION
12 (1) UNLESS THE MEMBER WAS EMPLOYED AND HAS RECEIVED A MINIMUM TOTAL
13 OF 1/2 OF A YEAR OF SERVICE CREDIT GRANTED PURSUANT TO SECTION 68
14 DURING THE 2 SCHOOL FISCAL YEARS IMMEDIATELY PRECEDING THE MEMBER'S
15 RETIREMENT ALLOWANCE EFFECTIVE DATE OR THE MEMBER HAS RECEIVED A
16 MINIMUM OF 1/10 OF A YEAR OF SERVICE CREDIT GRANTED PURSUANT TO
17 SECTION 68 DURING EACH OF THE 5 SCHOOL FISCAL YEARS IMMEDIATELY
18 PRECEDING THE MEMBER'S RETIREMENT ALLOWANCE EFFECTIVE DATE.

19 (12) ~~(8)~~ Any retirant or retirement allowance beneficiary
20 excluded from payments under this section may participate in the
21 hospital, medical-surgical, and sick care benefits plan, the dental
22 plan, vision plan, or hearing plan, or any combination of the plans
23 described in this section in the manner prescribed by the
24 retirement system at his or her own cost.

25 (13) ~~(9)~~ The hospital, medical-surgical, and sick care
26 benefits plan, dental plan, vision plan, and hearing plan that
27 covers retirants, retirement allowance beneficiaries, and health

1 insurance dependents pursuant to this section shall contain a
2 coordination of benefits provision that provides all of the
3 following:

4 (a) If the person covered under the hospital, medical-
5 surgical, and sick care benefits plan is also eligible for medicare
6 or medicaid, or both, then the benefits under medicare or medicaid,
7 or both, shall be determined before the benefits of the hospital,
8 medical-surgical, and sick care benefits plan provided pursuant to
9 this section.

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

15 (c) If the person covered under any of the plans provided by
16 this section is also covered under another plan that does not
17 contain a coordination of benefits provision, the benefits under
18 the other plan shall be determined before the benefits of the plan
19 provided pursuant to this section.

20 (14) ~~(10)~~—A surviving spouse selected as a retirement
21 allowance beneficiary under section 85(8) or (9) may elect the
22 insurance coverages provided in this section provided that payment
23 for the elected coverages is the responsibility of the surviving
24 spouse and is paid in a manner prescribed by the retirement system.

25 (15) ~~(11)~~—For purposes of this section:

26 (a) "Health insurance dependent" means any of the following:

27 (i) Except as provided in subsection (1), the spouse of the

1 retirant or the surviving spouse to whom the retirant or deceased
2 member was married at the time of the retirant's or deceased
3 member's death.

4 (ii) An unmarried child, by birth or adoption, of the retirant
5 or deceased member, until December 31 of the calendar year in which
6 the child becomes 19 years of age.

7 (iii) An unmarried child, by birth or adoption, of the retirant
8 or deceased member, until December 31 of the calendar year in which
9 the child becomes 25 years of age, who is enrolled as a full-time
10 student, and who is or was at the time of the retirant's or
11 deceased member's death a dependent of the retirant or deceased
12 member as defined in section 152 of the internal revenue code.

13 (iv) An unmarried child, by birth or adoption, of the retirant
14 or deceased member who is incapable of self-sustaining employment
15 because of mental or physical disability, and who is or was at the
16 time of the retirant's or deceased member's death a dependent of
17 the retirant or deceased member as defined in section 152 of the
18 internal revenue code.

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

22 (vi) An unmarried child who is not the child by birth or
23 adoption of the retirant or deceased member but who otherwise
24 qualifies to be a health insurance dependent under subparagraph
25 (ii), (iii), or (iv), if the retirant or deceased member is the legal
26 guardian of the unmarried child.

27 (b) "Medicaid" means benefits under the federal medicaid

1 program established under title XIX of the social security act,
2 chapter 531, 49 Stat. 620, 42 USC 1396 to 1396f, 1396g-1 to 1396r-
3 6, and 1396r-8 to 1396v.

4 (c) "Medicare" means benefits under the federal medicare
5 program established under title XVIII of the social security act,
6 chapter 531, 49 Stat. 620, 42 USC 1395 to 1395b, 1395b-2, 1395b-6
7 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t,
8 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to
9 1395yy, and 1395bbb to 1395ggg.

10 Enacting section 1. This amendatory act takes effect January
11 1, 2009.

12 Enacting section 2. This amendatory act does not take effect
13 unless Senate Bill No. 547 of the 94th Legislature is enacted into
14 law.