

# HOUSE BILL No. 5165

September 5, 2007, Introduced by Reps. Wenke and Calley and referred to the Committee on Government Operations.

A bill to amend 1957 PA 261, entitled "Michigan legislative retirement system act," by amending sections 50b, 75, and 79 (MCL 38.1050b, 38.1075, and 38.1079), sections 50b and 75 as amended by 1998 PA 501 and section 79 as amended by 2006 PA 614, and by adding section 79a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 50b. (1) For a retirant or a survivor or beneficiary of a  
2   deceased retirant, or for a deferred vested member if that deferred  
3   vested member first became a member on or before January 1, 1995,  
4   the retirement system shall purchase and pay the premium for  
5   hospitalization and medical insurance coverage and dental and  
6   vision coverage for the retirant, deferred vested member, and the  
7   spouses, eligible children, and survivors of those retirants and

1 deferred vested members. Except as otherwise provided in this  
2 section, the retirement system shall provide hospitalization and  
3 medical insurance coverage and dental and vision insurance coverage  
4 under this section at a level that is equal to or greater than the  
5 level of insurance coverage under this section in effect on  
6 December 1, 1992. The retirement board may increase the amounts  
7 each person who is enrolled in insurance coverage under this  
8 section is required to pay for co-pays or deductibles under that  
9 insurance coverage.

10 (2) On and after March 31, 1997, the retirement system shall  
11 also pay health insurance premiums described in this section in the  
12 manner prescribed in section 79 **AND, ON AND AFTER JANUARY 1, 2009,**  
13 **IN THE MANNER PRESCRIBED IN SECTION 79 OR 79A, WHICHEVER IS**  
14 **APPLICABLE.**

15 Sec. 75. (1) A qualified participant is immediately 100%  
16 vested in his or her contributions made to Tier 2. A qualified  
17 participant shall vest in the employer contributions made on his or  
18 her behalf to Tier 2 according to the following schedule:

19 (a) Upon completion of 2 years of service, 50%.

20 (b) Upon completion of 3 years of service, 75%.

21 (c) Upon completion of 4 years of service, 100%.

22 (2) A qualified participant **WHO FIRST BECAME A LEGISLATOR**  
23 **BEFORE JANUARY 1, 2009** is vested in the health insurance coverage  
24 provided in section 79 if the qualified participant meets 1 of the  
25 following requirements:

26 (a) The qualified participant has completed 6 years of service  
27 as a qualified participant and was not a member, deferred vested

1 member, or former nonvested member of Tier 1.

2 (b) The qualified participant was a member, deferred vested  
3 member, or former nonvested member of Tier 1 who made an election  
4 to participate in Tier 2 pursuant to section 61, and who has met  
5 the service requirements he or she would have been required to meet  
6 in order to vest in health benefits under section 50b.

7 (c) The qualified participant meets all of the following  
8 requirements:

9 (i) Was not a member, deferred vested member, or former  
10 nonvested member of Tier 1.

11 (ii) Was first elected to fill a vacancy in the house of  
12 representatives for a period less than the full term but more than  
13 1/2 of the term of office.

14 (iii) Has completed 5 years of service as a qualified  
15 participant.

16 Sec. 79. (1) A former qualified participant **WHO FIRST BECAME A**  
17 **QUALIFIED PARTICIPANT BEFORE JANUARY 1, 2009** may elect health  
18 insurance benefits in the manner prescribed in this section if he  
19 or she meets both of the following requirements:

20 (a) The former qualified participant is vested in health  
21 benefits under section 75(2).

22 (b) The former qualified participant meets 1 of the following  
23 requirements:

24 (i) He or she meets or exceeds the benefit commencement age  
25 employed in the actuarial present value calculation under section  
26 62 and the service requirements that would have applied to that  
27 former participant under Tier 1 for receiving health insurance

1 coverage under section 50b, if that former participant was a member  
2 of Tier 1.

3 (ii) He or she is 55 years of age or older.

4 (2) A former qualified participant who is eligible to elect  
5 health insurance coverage under subsection (1) may elect health  
6 insurance coverage in a health benefit plan or plans as authorized  
7 by section 50b. A former qualified participant who is eligible to  
8 elect health insurance coverage under subsection (1) may also elect  
9 health insurance coverage for his or her health benefit dependents,  
10 if any. A surviving health benefit dependent of a deceased former  
11 qualified participant who is eligible to elect health insurance  
12 coverage under subsection (1) may elect health insurance coverage  
13 to begin at the death of the deceased former qualified participant  
14 in the manner prescribed in this section.

15 (3) An individual who elects health insurance coverage under  
16 this section shall become a member of a health insurance coverage  
17 group authorized pursuant to section 50b.

18 (4) For a former qualified participant who is eligible to  
19 elect health insurance coverage under subsection (1) and who is  
20 vested in those benefits under section 75(2)(a) or (c), and for his  
21 or her health benefit dependents, this state shall pay a portion of  
22 the health insurance premium as calculated under this subsection on  
23 a cash disbursement method. An individual described in this  
24 subsection who elects health insurance coverage under this section  
25 shall pay to the retirement system the remaining portion of the  
26 health insurance coverage premium not paid by this state under this  
27 subsection. The portion of the health insurance coverage premium

1 paid by this state under this subsection shall be 90% of the  
2 payments for health insurance coverage under section 50b. If the  
3 individual elects the health insurance coverage provided under  
4 section 50b, this state shall transfer its portion of the amount  
5 calculated under this subsection to the health insurance fund  
6 created by section 22c.

7 (5) For a former qualified participant who is eligible to  
8 elect health insurance coverage under subsection (1) and who is  
9 vested in those benefits under section 75(2)(b), and for his or her  
10 health benefit dependents, this state shall pay a portion of the  
11 health insurance premium as calculated under this subsection on a  
12 cash disbursement method. An individual described in this  
13 subsection who elects health insurance coverage under this section  
14 shall pay to the retirement system the remaining portion of the  
15 health insurance coverage premium not paid by this state under this  
16 subsection. The portion of the health insurance coverage premium  
17 paid by this state under this subsection shall be equal to the  
18 premium amounts paid on behalf of retirants of Tier 1 for health  
19 insurance coverage under section 50b. If the individual elects the  
20 health insurance coverage provided under section 50b, the state  
21 shall transfer its portion of the amount calculated under this  
22 subsection to the health insurance fund created by section 22c.

23 (6) If the department of management and budget receives  
24 notification from the United States internal revenue service that  
25 this section or any portion of this section will cause the  
26 retirement system to be disqualified for tax purposes under the  
27 internal revenue code, then the portion that will cause the

1 disqualification does not apply.

2           SEC. 79A. (1) A FORMER QUALIFIED PARTICIPANT WHO FIRST BECAME  
3 A QUALIFIED PARTICIPANT ON OR AFTER JANUARY 1, 2009 IS VESTED IN  
4 THE HEALTH INSURANCE COVERAGE IF THE QUALIFIED PARTICIPANT HAS  
5 COMPLETED 10 YEARS OF SERVICE AS A QUALIFIED PARTICIPANT.

6           (2) FOR A FORMER QUALIFIED PARTICIPANT WHO IS ELIGIBLE TO  
7 ELECT HEALTH INSURANCE COVERAGE UNDER THIS SECTION AND FOR HIS OR  
8 HER HEALTH BENEFIT DEPENDENTS, THIS STATE SHALL PAY A PORTION OF  
9 THE HEALTH INSURANCE PREMIUM AS CALCULATED UNDER THIS SUBSECTION ON  
10 A CASH DISBURSEMENT METHOD. AN INDIVIDUAL DESCRIBED IN THIS  
11 SUBSECTION WHO ELECTS HEALTH INSURANCE COVERAGE UNDER THIS SECTION  
12 SHALL PAY TO THE RETIREMENT SYSTEM THE REMAINING PORTION OF THE  
13 HEALTH INSURANCE PREMIUM NOT PAID BY THE STATE UNDER THIS  
14 SUBSECTION. THE PORTION PAID BY THE STATE UNDER THIS SUBSECTION  
15 SHALL BE EQUAL TO THE PRODUCT OF 3% AND THE FORMER QUALIFIED  
16 PARTICIPANT'S YEARS OF SERVICE, UP TO 30 YEARS, AND SHALL NOT  
17 EXCEED 90% OF THE PAYMENTS FOR HEALTH INSURANCE.