

# SENATE BILL No. 546

May 25, 2007, Introduced by Senator KUIPERS and referred to the Committee on Education.

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

1 under this section except as provided in subsection (10). **THIS**  
2 **SUBSECTION DOES NOT APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER**  
3 **AFTER JUNE 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. **THIS SUBSECTION**  
24 **DOES NOT APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE**  
25 **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. **THIS SUBSECTION DOES NOT**  
25 **APPLY TO A RETIRANT WHO FIRST BECOMES A MEMBER AFTER JUNE 30, 2008.**

26 (6) The payment described in subsection (5) shall also be made  
27 for each health insurance dependent of a deceased member or

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

1 PLAN, VISION PLAN, OR HEARING PLAN, OR ANY COMBINATION OF THE PLANS  
2 FOR THE BENEFIT OF THE RETIRANT AND HIS OR HER HEALTH INSURANCE  
3 BENEFICIARIES IF THE RETIRANT HAS 30 YEARS OR MORE OF SERVICE  
4 CREDIT OR EMPLOYMENT WITH A REPORTING UNIT OR UNITS UNDER THIS ACT  
5 AND THE RETIRANT WAS AT LEAST 60 YEARS OF AGE AT THE TIME OF  
6 APPLICATION FOR BENEFIT UNDER THIS SECTION, OR FOR THE BENEFIT OF  
7 THE RETIRANT'S OR DECEASED MEMBER'S RETIREMENT ALLOWANCE  
8 BENEFICIARY IF THE RETIRANT OR DECEASED MEMBER HAS 30 YEARS OR MORE  
9 OF SERVICE CREDIT OR EMPLOYMENT WITH A REPORTING UNIT OR UNITS  
10 UNDER THIS ACT AND THE RETIRANT OR DECEASED MEMBER WAS AT LEAST 60  
11 YEARS OF AGE AT THE TIME OF APPLICATION FOR BENEFITS UNDER THIS  
12 SECTION. IF A RETIRANT OR DECEASED MEMBER DESCRIBED IN THIS  
13 SUBSECTION HAS 10 OR MORE BUT LESS THAN 30 YEARS OF SERVICE CREDIT  
14 OR YEARS OF EMPLOYMENT WITH A REPORTING UNIT OR UNITS UNDER THIS  
15 ACT AND THE RETIRANT OR DECEASED MEMBER WAS AT LEAST 60 YEARS OF  
16 AGE AT THE TIME OF APPLICATION FOR BENEFITS UNDER THIS SECTION, THE  
17 RETIREMENT SYSTEM SHALL PAY A PORTION OF THE MONTHLY PREMIUM OR  
18 MEMBERSHIP OR SUBSCRIPTION FEE FOR THE PLANS OR COMBINATION OF  
19 PLANS EQUAL TO THE PRODUCT OF 3% AND THE RETIRANT'S OR DECEASED  
20 MEMBER'S YEARS OF SERVICE.

21 (9) THE RETIREMENT SYSTEM SHALL NOT PAY THE PREMIUMS OR  
22 MEMBERSHIP OR SUBSCRIPTION FEES UNDER SUBSECTION (8) UNTIL THE  
23 RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY REQUESTS ENROLLMENT IN  
24 THE PLANS OR COMBINATION OF PLANS IN WRITING IN THE MANNER  
25 PRESCRIBED BY THE RETIREMENT SYSTEM. SUBSECTION (8) DOES NOT APPLY  
26 TO A MEMBER WHO RECEIVES A DISABILITY RETIREMENT ALLOWANCE UNDER  
27 SECTION 86 OR 87 OR TO A DECEASED MEMBER'S RETIREMENT ALLOWANCE

1 **BENEFICIARY UNDER SECTION 90.**

2 (10) ~~(8)~~—Any retirant or retirement allowance beneficiary  
3 excluded from payments under this section may participate in the  
4 hospital, medical-surgical, and sick care benefits plan, the dental  
5 plan, vision plan, or hearing plan, or any combination of the plans  
6 described in this section in the manner prescribed by the  
7 retirement system at his or her own cost.

8 (11) ~~(9)~~—The hospital, medical-surgical, and sick care  
9 benefits plan, dental plan, vision plan, and hearing plan that  
10 covers retirants, retirement allowance beneficiaries, and health  
11 insurance dependents pursuant to this section shall contain a  
12 coordination of benefits provision that provides all of the  
13 following:

14 (a) If the person covered under the hospital, medical-  
15 surgical, and sick care benefits plan is also eligible for medicare  
16 or medicaid, or both, then the benefits under medicare or medicaid,  
17 or both, shall be determined before the benefits of the hospital,  
18 medical-surgical, and sick care benefits plan provided pursuant to  
19 this section.

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

25 (c) If the person covered under any of the plans provided by  
26 this section is also covered under another plan that does not  
27 contain a coordination of benefits provision, the benefits under

1 the other plan shall be determined before the benefits of the plan  
2 provided pursuant to this section.

3 (12) ~~(10)~~—A surviving spouse selected as a retirement  
4 allowance beneficiary under section 85(8) or (9) may elect the  
5 insurance coverages provided in this section provided that payment  
6 for the elected coverages is the responsibility of the surviving  
7 spouse and is paid in a manner prescribed by the retirement system.

8 (13) ~~(11)~~—For purposes of this section:

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

10 (i) Except as provided in subsection (1), the spouse of the  
11 retirant or the surviving spouse to whom the retirant or deceased  
12 member was married at the time of the retirant's or deceased  
13 member's death.

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

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

23 (iv) An unmarried child, by birth or adoption, of the retirant  
24 or deceased member who is incapable of self-sustaining employment  
25 because of mental or physical disability, and who is or was at the  
26 time of the retirant's or deceased member's death a dependent of  
27 the retirant or deceased member as defined in section 152 of the

1 internal revenue code.

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

5 (vi) An unmarried child who is not the child by birth or  
6 adoption of the retirant or deceased member but who otherwise  
7 qualifies to be a health insurance dependent under subparagraph  
8 (ii), (iii), or (iv), if the retirant or deceased member is the legal  
9 guardian of the unmarried child.

10 (b) "Medicaid" means benefits under the federal medicaid  
11 program established under title XIX of the social security act,  
12 chapter 531, 49 Stat. 620, 42 USC 1396 to 1396f, 1396g-1 to 1396r-  
13 6, and 1396r-8 to 1396v.

14 (c) "Medicare" means benefits under the federal medicare  
15 program established under title XVIII of the social security act,  
16 chapter 531, 49 Stat. 620, 42 USC 1395 to 1395b, 1395b-2, 1395b-6  
17 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t,  
18 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to  
19 1395yy, and 1395bbb to 1395ggg.

20 Enacting section 1. This amendatory act takes effect January  
21 1, 2009.

22 Enacting section 2. This amendatory act does not take effect  
23 unless Senate Bill No. 547

24 of the 94th Legislature is enacted into law.