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BILL ANALYSIS



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House Bill 4087 (Substitute H-4 as passed by the House)
Sponsor: Representative Joel Johnson
House Committee: Oversight, Reform, and Ethics
Senate Committee: Reforms, Restructuring and Reinventing

Date Completed: 6-29-11

CONTENT

House Bill 4087 (H-4) would amend the Legislative Retirement System Act to eliminate retiree health care benefits for legislators who first began their legislative service on or after January 1, 2007. Currently, the Act requires the State to contribute 90% of the retiree health insurance premium payments for legislators elected after March 31, 1997, who qualify for retirement with benefits. A legislator must have served at least six years, and must be at least age 55, in order to begin receiving health care provided by the State's plan. The bill would eliminate these health care benefits for legislators taking office on or after January 1, 2007.

MCL 38.1075

FISCAL IMPACT

The fiscal impact on the State would be long-term health care savings due to the elimination of subsidies. For any legislator or Lieutenant Governor taking office on or after January 1, 2007, the State would save the entire cost of that person's retirement health care subsidy. At the present time, the average yearly single-person health coverage under the Legislative Retirement System is roughly \$8,000, with the State subsidy totaling \$7,200. For a two-person plan, the average yearly cost is \$15,400, with the State subsidy totaling almost \$14,000. These costs, which totaled roughly \$5.3 million in fiscal year 2009-10, would be reduced over time, and eventually eliminated entirely, as the number of members in the closed system declined and no new members were added.

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