

HOUSE BILL No. 4330

March 8, 2017, Introduced by Reps. Bellino, Kahle, LaFave, Marino, Frederick, Leutheuser, Barrett, Griffin, Allor, Hauck, VanderWall, Hornberger, Noble, Glenn, Sheppard, Rendon, Wentworth, Hernandez, Johnson, Bizon, Miller, Inman, Howrylak and Hughes and referred to the Committee on Financial Liability Reform.

A bill to amend 1957 PA 261, entitled "Michigan legislative retirement system act," by amending sections 50b and 79 (MCL 38.1050b and 38.1079), section 50b as amended by 1998 PA 501 and section 79 as amended by 2011 PA 200.

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~~**THE**
 3 deferred vested member first became a member on or before January
 4 1, 1995, the retirement system shall purchase and, **SUBJECT TO**
 5 **SUBSECTION (3)**, pay the premium for hospitalization and medical
 6 insurance coverage and dental and vision coverage for the retirant,
 7 **THE** deferred vested member, and the spouses, eligible children, and

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

10 (2) ~~On and after March 31, 1997, the~~ **THE** retirement system
11 shall also pay health insurance premiums described in this section
12 in the manner prescribed in section 79.

13 **(3) BEGINNING JANUARY 1, 2018, THE RETIREMENT SYSTEM SHALL PAY**
14 **80% OF THE ENTIRE MONTHLY PREMIUM FOR HOSPITALIZATION AND MEDICAL**
15 **INSURANCE COVERAGE AND DENTAL AND VISION COVERAGE FOR THE RETIRANT,**
16 **THE DEFERRED VESTED MEMBER, AND THE SPOUSES, ELIGIBLE CHILDREN, AND**
17 **SURVIVORS OF THOSE RETIRANTS AND DEFERRED VESTED MEMBERS WHO ARE**
18 **ELIGIBLE FOR THAT COVERAGE UNDER SUBSECTION (1).**

19 Sec. 79. (1) A former qualified participant may elect health
20 insurance benefits in the manner prescribed in this section if he
21 or she meets both of the following requirements:

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

24 (b) The former qualified participant meets 1 of the following
25 requirements:

26 (i) He or she meets or exceeds the benefit commencement age
27 ~~employed~~ **USED** in the actuarial present value calculation under

1 section 62 and the service requirements that would have applied to
2 ~~that~~ **THE** former participant under Tier 1 for receiving health
3 insurance coverage under section 50b, if ~~that~~ **THE** former
4 participant was a member of Tier 1.

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

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

17 (3) An individual who elects health insurance coverage under
18 this section ~~shall~~ **WILL** become a member of a health insurance
19 coverage group authorized ~~pursuant to~~ **UNDER** section 50b.

20 (4) For a former qualified participant who is eligible to
21 elect health insurance coverage under subsection (1) and who is
22 vested in those benefits under section 75(2)(a) or (c), and for his
23 or her health benefit dependents, this state shall pay a portion of
24 the health insurance premium as calculated under this subsection on
25 a cash disbursement method. An individual described in this
26 subsection who elects health insurance coverage under this section
27 shall pay to the retirement system the remaining portion of the

1 health insurance coverage premium not paid by this state under this
2 subsection. ~~The~~ **UNTIL DECEMBER 31, 2017, THE** portion of the health
3 insurance coverage premium paid by this state under this subsection
4 ~~shall~~ **MUST** be 90% of the payments for health insurance coverage
5 under section 50b. **BEGINNING JANUARY 1, 2018, THE PORTION OF THE**
6 **HEALTH INSURANCE COVERAGE PREMIUM PAID BY THIS STATE UNDER THIS**
7 **SUBSECTION MAY NOT EXCEED 80% OF THE ENTIRE PREMIUM FOR HEALTH**
8 **INSURANCE COVERAGE DESCRIBED IN SECTION 50B.** If the individual
9 elects the health insurance coverage provided under section 50b,
10 this state shall transfer its portion of the amount calculated
11 under this subsection to the health insurance fund created by
12 section 22c.

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

1 this subsection to the health insurance fund created by section
2 22c.

3 (6) If the department of technology, management, and budget
4 receives notification from the United States ~~internal revenue~~
5 ~~service~~**INTERNAL REVENUE SERVICE** that this section or any portion
6 of this section will cause the retirement system to be disqualified
7 for tax purposes under the internal revenue code, ~~then~~ the portion
8 that will cause the disqualification does not apply.

9 (7) A former qualified participant who does not meet the
10 vesting requirements of section 75(2) is not eligible for health
11 insurance benefits under this act.