

HOUSE BILL No. 4559

April 30, 1987, Introduced by Reps. Barns, Bartnik, Brown, Perry Bullard, Leland, Gagliardi, Webb, Gire, Browne, Jonker, Hart, Clack, Rocca, DeMars, Johnson and Varga and referred to the Committee on Senior Citizens and Retirement.

A bill to amend section 91 of Act No. 300 of the Public Acts of 1980, entitled

"The public school employees retirement act of 1979,"

as amended by Act No. 91 of the Public Acts of 1985, being section 38.1391 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 91 of Act No. 300 of the Public Acts of
2 1980, as amended by Act No. 91 of the Public Acts of 1985, being
3 section 38.1391 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 91. (1) The retirement system shall pay the entire
6 monthly premium or membership or subscription fee for hospital,
7 medical-surgical, DENTAL, OPTICAL, HEARING, and sick care
8 benefits for the benefit of a retirant or retirement allowance
9 beneficiary who elects coverage in a group health benefits plan

1 authorized by the retirement board and the department. The
2 retirement board and the department shall authorize membership in
3 a health maintenance organization licensed under article 17 of
4 the public health code, Act No. 368 of the Public Acts of 1978,
5 being sections 333.20101 to 333.22181 of the Michigan Compiled
6 Laws.

7 (2) The retirement system shall pay, up to the maximum
8 amount payable under subsection (1), the entire monthly premium
9 or membership or subscription fee for hospital, medical-surgical,
10 DENTAL, OPTICAL, HEARING, and sick care benefits for the benefit
11 of a retirant or retirement allowance beneficiary who elects cov-
12 erage in an alternative group health benefits plan. This subsec-
13 tion shall not apply before January 1, 1986, or after
14 December 31, 1988. A retirant or retirement allowance benefi-
15 ciary in receipt of a retirement allowance on January 1, 1986,
16 who on December 31, 1985 is covered by the group health benefits
17 plan authorized by the retirement board and the department under
18 subsection (1), shall not be eligible to elect coverage in an
19 alternative group health benefits plan until the expiration of
20 the contract between the retirement system and the entity provid-
21 ing coverage under subsection (1) on December 31, 1985.

22 (3) The retirement system may pay up to the maximum of the
23 amount payable under subsection (1) toward the monthly premium
24 for hospital, medical-surgical, DENTAL, OPTICAL, HEARING, and
25 sick care benefits for the benefit of a retirant or retirement
26 allowance beneficiary enrolled in a group health insurance or
27 prepaid service plan not authorized by the retirement board and

1 the department, if enrolled prior to June 1, 1975, for whom the
2 retirement system on July 18, 1983 was making a payment towards
3 his or her monthly premium.

4 (4) A retirant or retirement allowance beneficiary receiving
5 health benefits coverage under this section, until eligible for
6 medicare, shall have an amount equal to the cost chargeable to a
7 medicare recipient for part B of medicare deducted from his or
8 her retirement allowance.

9 (5) The retirement system shall pay up to 90% of the maximum
10 of the amount payable under subsection (1) toward the monthly
11 premium or membership or subscription fee for health benefits
12 coverage described in subsections (1) to (3) for each health
13 insurance dependent of a retirant. Payment shall not exceed 90%
14 of the actual monthly premium or membership or subscription fee.
15 Payment for health benefits coverage for a health insurance
16 dependent of a retirant shall not be made after the retirant's
17 death, unless the retirant designated a retirement allowance ben-
18 eficiary as provided in section 85 and the dependent was covered
19 or eligible for coverage as a health insurance dependent of the
20 retirant on the retirant's date of death. Payment for health
21 benefits coverage shall not be made for a health insurance depen-
22 dent after the later of the retirant's death or the retirement
23 allowance beneficiary's death. Payment under this subsection and
24 subsection (6) shall begin October 1, 1985 for health insurance
25 dependents who on ~~the effective date of this subsection~~
26 JULY 10, 1985 are covered by the group health benefits plan
27 authorized by the retirement board and the department. Payment

1 under this subsection and subsection (6) for other health
2 insurance dependents shall not begin before January 1, 1986.

3 (6) The payment described in subsection (5) shall also be
4 made for each health insurance dependent of a deceased member or
5 deceased duty disability retirant if a retirement allowance is
6 being paid to a retirement allowance beneficiary because of the
7 death of the member or duty disability retirant as provided in
8 section 43c(c), 89, or 90. Payment for ~~a~~ health benefits cov-
9 erage for a health insurance dependent shall not be made after
10 the retirement allowance beneficiary's death.

11 (7) The payments provided by this section shall not be made
12 on behalf of a retiring section 82 deferred member or health
13 insurance dependent of a deferred member having less than 21 full
14 years of attained credited service or the retiring deferred
15 member's retirement allowance beneficiary, and shall not be made
16 on behalf of a retirement allowance beneficiary of a deferred
17 member who dies before retiring. The retirement system shall
18 pay, on behalf of a retiring section 82 deferred member or health
19 insurance dependent of a deferred member or a retirement allow-
20 ance beneficiary of a deceased deferred member, either of whose
21 allowance is based upon not less than 21 years of attained cred-
22 ited service, 10% of the payments provided by this section,
23 increased by 10% for each attained full year of credited service
24 beyond 21 years, not to exceed 100%. This subsection shall apply
25 to any member attaining deferred status under section 82 after
26 October 31, 1980.

1 (8) Any retirant or retirement allowance beneficiary
2 excluded from payments under this section may participate in a
3 group health benefits plan providing health benefits coverage
4 described in this section at his or her own cost.

5 (9) A group health benefits plan which covers retirants,
6 retirement allowance beneficiaries, and health insurance depen-
7 dents pursuant to this section shall contain a coordination of
8 benefits provision which provides all of the following:

9 (a) If the person covered under the group health benefits
10 plan is also eligible for medicare or medicaid, or both, then the
11 benefits under medicare or medicaid, or both, shall be determined
12 before the benefits of the group health benefits plan provided
13 pursuant to this section.

14 (b) If the person covered under the group health benefits
15 plan is also covered under another group health benefits plan
16 which contains a coordination of benefits provision, the benefits
17 shall be coordinated as provided by the coordination of benefits
18 act, Act No. 64 of the Public Acts of 1984, being sections
19 550.251 to 550.255 of the Michigan Compiled Laws.

20 (c) If the person covered under the group health benefits
21 plan is also covered under another group health benefits plan
22 which does not contain a coordination of benefits provision, the
23 benefits under the other group health benefits plan shall be
24 determined before the benefits of the group health benefits plan
25 provided pursuant to this section.

26 (10) The retirement board and the department shall designate
27 an open enrollment period, to begin on November 1, 1985 and end

1 on November 30, 1985, for the enrollment of health insurance
2 dependents in the group health benefits plan covering retirants
3 and retirement allowance beneficiaries under subsection (1).
4 Coverage for health insurance dependents enrolled during this
5 period shall begin January 1, 1986.

6 (11) The retirement system shall prepare a report containing
7 a statement of and a compilation of information relative to the
8 loss experience of group health benefits plans covering retir-
9 ants, retirement allowance beneficiaries, and health insurance
10 dependents after ~~the effective date of this subsection~~ JULY 10,
11 1985. The report shall relate the experience of the covered
12 group as a whole and by provider for each year of coverage from
13 October 1, 1985 to October 1, 1987, and shall be submitted to
14 each of the following not later than December 31, 1987:

15 (a) The director of the department.

16 (b) The retirement board.

17 (c) The chair of the house committee on senior citizens and
18 retirement.

19 (d) The chair of the retirement subcommittee of the house
20 appropriations committee.

21 (e) The chair of the senate committee on appropriations and
22 retirement.

23 (12) For purposes of this section:

24 (a) "Alternative group health benefits plan" or "alternative
25 plan" means a group health benefits plan covering active members
26 on or after ~~the effective date of this amendatory act~~ JULY 10,
27 1985, and certified by the retirement board and the department.

1 The retirement board and the department shall certify an
2 alternative plan if all of the following apply:

3 (i) The entity providing coverage under the plan is licensed
4 or otherwise authorized to do business in this state as an entity
5 described in subdivision ~~(b)(i) to (v)~~ (B).

6 (ii) The entity agrees to provide coverage identical to cov-
7 erage provided by the group health benefits plan authorized by
8 the retirement board and the department, at no greater cost.

9 (iii) The entity agrees to provide the coverage described in
10 this section to any retirant, retirement allowance beneficiary,
11 or health insurance dependent, upon election by the retirant or
12 retirement allowance beneficiary or upon election by a health
13 insurance dependent of a deceased retirant or member, at the time
14 he or she becomes eligible for coverage, during any subsequent
15 open enrollment period, or upon the termination of coverage by
16 another entity, except as otherwise provided by this section,
17 without exclusion for preexisting conditions.

18 (b) "Group health benefits plan" means a group plan which
19 provides hospital, medical-surgical, DENTAL, OPTICAL, HEARING,
20 and sick care benefits to persons entitled to those benefits
21 under this section pursuant to a contract between the retirement
22 system and any of the following:

23 (i) A health care corporation incorporated under the non-
24 profit health care corporation reform act, Act No. 350 of the
25 Public Acts of 1980, being sections 550.1101 to 550.1704 of the
26 Michigan Compiled Laws.

1 (ii) A health maintenance organization licensed under
2 article 17 of the public health code, Act No. 368 of the Public
3 Acts of 1978, being sections 333.20101 to 333.22181 of the
4 Michigan Compiled Laws.

5 ~~(iii) A hospital service corporation incorporated under Act~~
6 ~~No. 109 of the Public Acts of 1939, being sections 550.501 to~~
7 ~~550.517 of the Michigan Compiled Laws.~~

8 (iii) ~~(iv)~~ An insurer as defined in section 106 of the
9 insurance code of 1956, Act No. 218 of the Public Acts of 1956,
10 being section 500.106 of the Michigan Compiled Laws.

11 ~~(v) A medical care corporation incorporated under Act~~
12 ~~No. 108 of the Public Acts of 1939, being sections 550.301 to~~
13 ~~550.316 of the Michigan Compiled Laws.~~

14 (c) "Health insurance dependent" means any of the
15 following:

16 (i) The spouse of the retirant or the surviving spouse to
17 whom the retirant or deceased member was married at the time of
18 the retirant's or deceased member's death.

19 (ii) An unmarried child of the retirant or deceased member,
20 until December 31 of the calendar year in which the child becomes
21 19 years of age.

22 (iii) An unmarried child of the retirant or deceased member,
23 until December 31 of the calendar year in which the child becomes
24 25 years of age, who is enrolled as a full-time student, and who
25 is or was at the time of the retirant's or deceased member's
26 death a dependent of the retirant or deceased member as defined
27 in section 152 of the internal revenue code.

1 (iv) An unmarried child of the retirant or deceased member
2 who is incapable of self-sustaining employment because of mental
3 or physical handicap, and who is or was at the time of the
4 retirant's or deceased member's death a dependent of the retirant
5 or deceased member as defined in section 152 of the internal rev-
6 enue code.

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

10 (d) "Medicaid" means benefits under the federal medicaid
11 program established under title XIX of the social security act.

12 (e) "Medicare" means benefits under the federal medicare
13 program established under title XVIII of the social security
14 act.