

# HOUSE BILL No. 5168

September 5, 2007, Introduced by Reps. Wenke and Nitz 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  
10 under this section except as provided in subsection (10).

1           (2) The retirement system may pay up to the maximum of the  
2 amount payable under subsection (1) toward the monthly premium for  
3 hospital, medical-surgical, and sick care benefits for the benefit  
4 of a retirant or retirement allowance beneficiary enrolled in a  
5 group health insurance or prepaid service plan not authorized by  
6 the retirement board and the department, if enrolled before June 1,  
7 1975, for whom the retirement system on July 18, 1983 was making a  
8 payment towards his or her monthly premium.

9           (3) A retirant or retirement allowance beneficiary receiving  
10 hospital, medical-surgical, and sick care benefits coverage under  
11 subsection (1) or (2), until eligible for medicare, shall have an  
12 amount equal to the cost chargeable to a medicare recipient for  
13 part B of medicare deducted from his or her retirement allowance.

14           (4) The retirement system shall pay 90% of the monthly premium  
15 or membership or subscription fee for dental, vision, and hearing  
16 benefits for the benefit of a retirant or retirement allowance  
17 beneficiary who elects coverage in the plan authorized by the  
18 retirement board and the department. Payments shall begin under  
19 this subsection upon approval by the retirement board and the  
20 department of plan coverage and a plan provider.

21           (5) The retirement system shall pay up to 90% of the maximum  
22 of the amount payable under subsection (1) toward the monthly  
23 premium or membership or subscription fee for hospital, medical-  
24 surgical, and sick care benefits coverage described in subsections  
25 (1) and (2) for each health insurance dependent of a retirant  
26 receiving benefits under subsection (1) or (2). Payment shall not  
27 exceed 90% of the actual monthly premium or membership or

1 subscription fee. The retirement system shall pay 90% of the  
2 monthly premium or membership or subscription fee for dental,  
3 vision, and hearing benefits described in subsection (4) for the  
4 benefit of each health insurance dependent of a retirant receiving  
5 benefits under subsection (4). Payment for health benefits coverage  
6 for a health insurance dependent of a retirant shall not be made  
7 after the retirant's death, unless the retirant designated a  
8 retirement allowance beneficiary as provided in section 85 and the  
9 dependent was covered or eligible for coverage as a health  
10 insurance dependent of the retirant on the retirant's date of  
11 death. Payment for health benefits coverage shall not be made for a  
12 health insurance dependent after the later of the retirant's death  
13 or the retirement allowance beneficiary's death. Payment under this  
14 subsection and subsection (6) began October 1, 1985 for health  
15 insurance dependents who on July 10, 1985 were covered by the  
16 hospital, medical-surgical, and sick care benefits plan authorized  
17 by the retirement board and the department. Payment under this  
18 subsection and subsection (6) for other health insurance dependents  
19 shall not begin before January 1, 1986.

20 (6) The payment described in subsection (5) shall also be made  
21 for each health insurance dependent of a deceased member or  
22 deceased duty disability retirant if a retirement allowance is  
23 being paid to a retirement allowance beneficiary because of the  
24 death of the member or duty disability retirant as provided in  
25 section 43c(c), 89, or 90. Payment for health benefits coverage for  
26 a health insurance dependent shall not be made after the retirement  
27 allowance beneficiary's death.

1           (7) The payments provided by this section shall not be made on  
2   behalf of a retiring section 82 deferred member or health insurance  
3   dependent of a deferred member having less than 21 full years of  
4   attained credited service or the retiring deferred member's  
5   retirement allowance beneficiary, and shall not be made on behalf  
6   of a retirement allowance beneficiary of a deferred member who dies  
7   before retiring. ~~The~~**EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**  
8   **(10), THE** retirement system shall pay, on behalf of a retiring  
9   section 82 deferred member or health insurance dependent of a  
10   deferred member or a retirement allowance beneficiary of a deceased  
11   deferred member, either of whose allowance is based upon not less  
12   than 21 years of attained credited service, 10% of the payments  
13   provided by this section, increased by 10% for each attained full  
14   year of credited service beyond 21 years, not to exceed 100%. This  
15   subsection applies to any member who attains deferred status under  
16   section 82 after October 31, 1980.

17           (8) Any retirant or retirement allowance beneficiary excluded  
18   from payments under this section may participate in the hospital,  
19   medical-surgical, and sick care benefits plan, the dental plan,  
20   vision plan, or hearing plan, or any combination of the plans  
21   described in this section in the manner prescribed by the  
22   retirement system at his or her own cost.

23           (9) The hospital, medical-surgical, and sick care benefits  
24   plan, dental plan, vision plan, and hearing plan that covers  
25   retirants, retirement allowance beneficiaries, and health insurance  
26   dependents pursuant to this section shall contain a coordination of  
27   benefits provision that provides all of the following:

1 (a) If the person covered under the hospital, medical-  
2 surgical, and sick care benefits plan is also eligible for medicare  
3 or medicaid, or both, then the benefits under medicare or medicaid,  
4 or both, shall be determined before the benefits of the hospital,  
5 medical-surgical, and sick care benefits plan provided pursuant to  
6 this section.

7 (b) If the person covered under any of the plans provided by  
8 this section is also covered under another plan that contains a  
9 coordination of benefits provision, the benefits shall be  
10 coordinated as provided by the coordination of benefits act, 1984  
11 PA 64, MCL 550.251 to 550.255.

12 (c) If the person covered under any of the plans provided by  
13 this section is also covered under another plan that does not  
14 contain a coordination of benefits provision, the benefits under  
15 the other plan shall be determined before the benefits of the plan  
16 provided pursuant to this section.

17 **(10) THIS SUBSECTION ONLY APPLIES TO A RETIRANT WHO ELECTS TO**  
18 **PURCHASE SERVICE CREDIT ON OR AFTER JULY 1, 2008. A RETIRANT WHO**  
19 **ELECTS TO PURCHASE SERVICE CREDIT AFTER JULY 1, 2008 SHALL HAVE HIS**  
20 **OR HER BENEFITS UNDER THIS SECTION DETERMINED BY THE RETIREMENT**  
21 **SYSTEM IN THE MANNER PRESCRIBED IN THIS SUBSECTION. THE RETIREMENT**  
22 **SYSTEM SHALL FIRST DETERMINE WHETHER THE PURCHASE OF SERVICE CREDIT**  
23 **ALLOWED THE RETIRANT TO RETIRE EARLIER THAN THE RETIRANT WOULD HAVE**  
24 **RETIRED WITHOUT THE PURCHASE OF SERVICE CREDIT. THE RETIREMENT**  
25 **SYSTEM SHALL THEN DETERMINE THE DIFFERENCE BETWEEN THE RETIRANT'S**  
26 **EFFECTIVE DATE AND THE EFFECTIVE DATE THAT THE RETIRANT WOULD HAVE**  
27 **RETIRED IF THE RETIRANT HAD NOT PURCHASED THE SERVICE CREDIT. THE**

1 RETIRANT WHO IS SUBJECT TO THIS SUBSECTION SHALL NOT BE ELIGIBLE  
2 FOR HEALTH CARE BENEFITS UNDER THIS SECTION UNTIL THE EFFECTIVE  
3 DATE THAT THE RETIRANT WOULD HAVE RETIRED IF THE RETIRANT HAD NOT  
4 PURCHASED THE SERVICE CREDIT.

5 (11) ~~(10)~~—A surviving spouse selected as a retirement  
6 allowance beneficiary under section 85(8) or (9) may elect the  
7 insurance coverages provided in this section provided that payment  
8 for the elected coverages is the responsibility of the surviving  
9 spouse and is paid in a manner prescribed by the retirement system.

10 (12) ~~(11)~~—For purposes of this section:

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

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

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

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

25 (iv) An unmarried child, by birth or adoption, of the retirant  
26 or deceased member who is incapable of self-sustaining employment  
27 because of mental or physical disability, and who is or was at the

1 time of the retirant's or deceased member's death a dependent of  
2 the retirant or deceased member as defined in section 152 of the  
3 internal revenue code.

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

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

12 (b) "Medicaid" means benefits under the federal medicaid  
13 program established under title XIX of the social security act,  
14 chapter 531, 49 Stat. 620, 42 USC 1396 to 1396f, 1396g-1 to 1396r-  
15 6, and 1396r-8 to 1396v.

16 (c) "Medicare" means benefits under the federal medicare  
17 program established under title XVIII of the social security act,  
18 chapter 531, 49 Stat. 620, 42 USC 1395 to 1395b, 1395b-2, 1395b-6  
19 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to 1395t,  
20 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28, 1395x to  
21 1395yy, and 1395bbb to 1395ggg.

22 Enacting section 1. This amendatory act takes effect January  
23 1, 2009.

24 Enacting section 2. This amendatory act does not take effect  
25 unless Senate Bill No. \_\_\_\_ or House Bill No. 5167(request no.  
26 04118'07) of the 94th Legislature is enacted into law.