

# HOUSE BILL No. 5688

December 10, 2009, Introduced by Rep. Dillon and referred to the Committee on Public Employee Health Care Reform.

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 2007 PA 110.

**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. **COVERAGE PROVIDED AND**  
7 **PLANS AUTHORIZED SHALL BE PROVIDED AND AUTHORIZED IN ACCORDANCE**  
8 **WITH THE MICHIGAN HEALTH BENEFITS PROGRAM ACT. COVERAGE PROVIDED**  
9 **AND PLANS AUTHORIZED IN ACCORDANCE WITH THE MICHIGAN HEALTH**

1 **BENEFITS PROGRAM ACT SHALL BE PROVIDED AND AUTHORIZED SUBJECT TO**  
2 **SECTION 21 OF THE MICHIGAN HEALTH BENEFITS PROGRAM ACT.** Except as  
3 otherwise provided in subsection (8), this subsection does not  
4 apply to a retirant who first becomes a member after June 30, 2008.

5 (2) The retirement system may pay up to the maximum of the  
6 amount payable under subsection (1) toward the monthly premium for  
7 hospital, medical-surgical, and sick care benefits for the benefit  
8 of a retirant or retirement allowance beneficiary enrolled in a  
9 group health insurance or prepaid service plan not authorized by  
10 the retirement board and the department, if enrolled before June 1,  
11 1975, for whom the retirement system on July 18, 1983 was making a  
12 payment towards his or her monthly premium.

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

18 (4) The retirement system shall pay 90% of the monthly premium  
19 or membership or subscription fee for dental, vision, and hearing  
20 benefits for the benefit of a retirant or retirement allowance  
21 beneficiary who elects coverage in the plan authorized by the  
22 retirement board and the department. Payments shall begin under  
23 this subsection upon approval by the retirement board and the  
24 department of plan coverage and a plan provider. Except as  
25 otherwise provided in subsection (8), this subsection does not  
26 apply to a retirant who first becomes a member after June 30, 2008.

27 (5) The retirement system shall pay up to 90% of the maximum

1 of the amount payable under subsection (1) toward the monthly  
2 premium or membership or subscription fee for hospital, medical-  
3 surgical, and sick care benefits coverage described in subsections  
4 (1) and (2) for each health insurance dependent of a retirant  
5 receiving benefits under subsection (1) or (2). Payment shall not  
6 exceed 90% of the actual monthly premium or membership or  
7 subscription fee. The retirement system shall pay 90% of the  
8 monthly premium or membership or subscription fee for dental,  
9 vision, and hearing benefits described in subsection (4) for the  
10 benefit of each health insurance dependent of a retirant receiving  
11 benefits under subsection (4). Payment for health benefits coverage  
12 for a health insurance dependent of a retirant shall not be made  
13 after the retirant's death, unless the retirant designated a  
14 retirement allowance beneficiary as provided in section 85 and the  
15 dependent was covered or eligible for coverage as a health  
16 insurance dependent of the retirant on the retirant's date of  
17 death. Payment for health benefits coverage shall not be made for a  
18 health insurance dependent after the later of the retirant's death  
19 or the retirement allowance beneficiary's death. Payment under this  
20 subsection and subsection (6) began October 1, 1985 for health  
21 insurance dependents who on July 10, 1985 were covered by the  
22 hospital, medical-surgical, and sick care benefits plan authorized  
23 by the retirement board and the department. Payment under this  
24 subsection and subsection (6) for other health insurance dependents  
25 shall not begin before January 1, 1986. Except as otherwise  
26 provided in subsection (8), this subsection does not apply to a  
27 retirant who first becomes a member after June 30, 2008.

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

9           (7) The payments provided by this section shall not be made on  
10 behalf of a retiring section 82 deferred member or health insurance  
11 dependent of a deferred member having less than 21 full years of  
12 attained credited service or the retiring deferred member's  
13 retirement allowance beneficiary, and shall not be made on behalf  
14 of a retirement allowance beneficiary of a deferred member who dies  
15 before retiring. The retirement system shall pay, on behalf of a  
16 retiring section 82 deferred member or health insurance dependent  
17 of a deferred member or a retirement allowance beneficiary of a  
18 deceased deferred member, either of whose allowance is based upon  
19 not less than 21 years of attained credited service, 10% of the  
20 payments provided by this section, increased by 10% for each  
21 attained full year of credited service beyond 21 years, not to  
22 exceed 100%. This subsection applies to any member who first became  
23 a member on or before June 30, 2008 and attains deferred status  
24 under section 82 after October 31, 1980.

25           (8) For a member or deferred member who first becomes a member  
26 after June 30, 2008, the retirement system shall pay up to 90% of  
27 the monthly premium or membership or subscription fee for the

1 hospital, medical-surgical, and sick care benefits plan, the dental  
2 plan, vision plan, and hearing plan, or any combination of the  
3 plans for the benefit of the retirant and his or her retirement  
4 allowance beneficiary and health insurance dependents, or for the  
5 benefit of the deceased member's retirement allowance beneficiary  
6 if the retirant or deceased member has 25 years or more of service  
7 credit under this act, and the retirant, deceased retirant, or  
8 deceased member was at least 60 years of age at the time of  
9 application for benefits under this section. If the retirant or  
10 deceased member is less than 60 years of age at the time of  
11 application for benefits under this section, the retirement system  
12 shall pay 90% of the monthly premium or membership or subscription  
13 fee for the hospital, medical-surgical, and sick care benefits  
14 plan, the dental plan, vision plan, and hearing plan, or any  
15 combination of the plans for the benefit of the retirant and his or  
16 her retirement allowance beneficiary and the retirant's health  
17 insurance dependents, or for the benefit of the deceased member's  
18 retirement allowance beneficiary if the retirant or deceased member  
19 has 25 or more years of service credit granted under section 68. If  
20 a retirant, deceased retirant, or deceased member described in this  
21 subsection has 10 or more but less than 25 years of service credit  
22 under this act and the retirant was at least 60 years of age at the  
23 time of application for benefits under this section, the retirement  
24 system shall pay a portion of the monthly premium or membership or  
25 subscription fee for the plans or combination of plans equal to the  
26 product of 3% and the retirant's, deceased retirant's, or deceased  
27 member's years of service for the first 10 years and 4% for each

1 year after the first 10 years. This subsection does not apply to a  
2 member who receives a disability retirement allowance under section  
3 86 or 87 or to a deceased member's retirement allowance beneficiary  
4 under section 90. **COVERAGE PROVIDED AND PLANS AUTHORIZED SHALL BE**  
5 **PROVIDED AND AUTHORIZED IN ACCORDANCE WITH THE MICHIGAN HEALTH**  
6 **BENEFITS PROGRAM ACT. COVERAGE PROVIDED AND PLANS AUTHORIZED IN**  
7 **ACCORDANCE WITH THE MICHIGAN HEALTH BENEFITS PROGRAM ACT SHALL BE**  
8 **PROVIDED AND AUTHORIZED SUBJECT TO SECTION 21 OF THE MICHIGAN**  
9 **HEALTH BENEFITS PROGRAM ACT.**

10 (9) The retirement system shall not pay the premiums or  
11 membership or subscription fees under subsection (8) until the  
12 retirant or retirement allowance beneficiary requests enrollment in  
13 the plans or combination of plans in writing in the manner  
14 prescribed by the retirement system. Not more than 1 year's service  
15 credit shall be counted for purposes of subsection (8) and this  
16 subsection in any school fiscal year.

17 (10) A member who retires under section 43b or 81 and who  
18 elects to purchase service credit on or after July 1, 2008 is not  
19 eligible for payments under this section for the hospital, medical-  
20 surgical, and sick care benefits plan, the dental plan, vision  
21 plan, or hearing plan, or any combination of the plans described in  
22 this section until the first date that the member would have been  
23 eligible to retire under section 43b or 81 if he or she had not  
24 purchased the service credit and had accrued a sufficient amount of  
25 service credit under section 68. A member who first becomes a  
26 member on or after July 1, 2008 shall not be eligible for health  
27 benefits under this subsection until at least the time of

1 application under subsection (8). The retirement system shall apply  
2 a method that enables it to make the determination under this  
3 subsection.

4 (11) Except for a member who retires under section 86 or 87 or  
5 a member who meets the requirements under subsection (7) or (8),  
6 the retirement system shall not pay the benefits provided in  
7 subsection (1) or (4) unless the member was employed and has  
8 received a minimum total of 1/2 of a year of service credit granted  
9 pursuant to section 68 during the 2 school fiscal years immediately  
10 preceding the member's retirement allowance effective date or the  
11 member has received a minimum of 1/10 of a year of service credit  
12 granted pursuant to section 68 during each of the 5 school fiscal  
13 years immediately preceding the member's retirement allowance  
14 effective date.

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

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

26 (a) If the person covered under the hospital, medical-  
27 surgical, and sick care benefits plan is also eligible for medicare

1 or medicaid, or both, then the benefits under medicare or medicaid,  
2 or both, shall be determined before the benefits of the hospital,  
3 medical-surgical, and sick care benefits plan provided pursuant to  
4 this section.

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

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

15 (14) Beginning January 1, 2009, upon the death of the  
16 retirant, a retirement allowance beneficiary who became a  
17 retirement allowance beneficiary under section 85(8) or (9) is not  
18 a health insurance dependent and is not entitled to health benefits  
19 under this section except as provided in this subsection. Beginning  
20 January 1, 2009, a surviving spouse selected as a retirement  
21 allowance beneficiary under section 85(8) or (9) may elect the  
22 insurance coverages provided in this section provided that payment  
23 for the elected coverages is the responsibility of the surviving  
24 spouse and is paid in a manner prescribed by the retirement system.

25 (15) For purposes of this section:

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

27 (i) Except as provided in subsection (14), the spouse of the



1   retirant or the surviving spouse to whom the retirant or deceased  
2   member was married at the time of the retirant's or deceased  
3   member's death.

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

7           (iii) An unmarried child, by birth or adoption, of the retirant  
8   or deceased member, until December 31 of the calendar year in which  
9   the child becomes 25 years of age, who is enrolled as a full-time  
10   student, and who is or was at the time of the retirant's or  
11   deceased member's death a dependent of the retirant or deceased  
12   member as defined in section 152 of the internal revenue code, **26**  
13   **USC 152.**

14           (iv) An unmarried child, by birth or adoption, of the retirant  
15   or deceased member who is incapable of self-sustaining employment  
16   because of mental or physical disability, and who is or was at the  
17   time of the retirant's or deceased member's death a dependent of  
18   the retirant or deceased member as defined in section 152 of the  
19   internal revenue code, **26 USC 152.**

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

23           (vi) An unmarried child who is not the child by birth or  
24   adoption of the retirant or deceased member but who otherwise  
25   qualifies to be a health insurance dependent under subparagraph  
26   (ii), (iii), or (iv), if the retirant or deceased member is the legal  
27   guardian of the unmarried child.

1           (b) "Medicaid" means benefits under the federal medicaid  
2 program established under title XIX of the social security act, 42  
3 USC 1396 to 1396v.

4           (c) "Medicare" means benefits under the federal medicare  
5 program established under title XVIII of the social security act,  
6 42 USC 1395 to 1395hhh.

7           Enacting section 1. This amendatory act does not take effect  
8 unless House Bill No. 5345 of the 95th Legislature is enacted into  
9 law.