

**PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT (EXCERPT)**  
**Act 77 of 2010**

**38.2732a Definitions; M to P.**

Sec. 2a.

(1) "Mandatory contributions" means mandatory amounts contributed by a participating member, which amounts, to the extent permitted by applicable law, are treated as a salary increase that has been foregone by the participating member or a permanent reduction in a participating member's compensation, with such amounts being contributed by the employer to each participating member's health reimbursement account. Mandatory contributions include other amounts established by the employer that may be treated as picked up by the employer to the fullest extent permitted by the internal revenue code, but do not include any contributions made only by the employer without an impact on the salary of the participating member.

(2) "Medical expense" means an expense incurred at the time a past member or his or her health reimbursement account dependent is furnished the medical care or service. To be considered a medical expense under this act, the expense shall meet all of the following conditions:

(a) Is a medical expense that would otherwise qualify for a deduction under section 213(d) of the internal revenue code, 26 USC 213, irrespective of the income threshold set forth in section 213(a) of the internal revenue code, 26 USC 213.

(b) Has not been and will not be reimbursed by any other source.

(c) Was incurred by a past member or his or her health reimbursement account dependent after the past member became entitled to receive reimbursements for medical expenses under this act.

(d) Is properly and timely substantiated by the individual claiming the expense in a manner established by the department.

(3) "Member" means a person who is a member, former member, deferred member, qualified participant, or former qualified participant as determined under the applicable retirement act.

(4) "Participating member" means a member who is required to make mandatory contributions by the applicable retirement act to his or her health reimbursement account.

(5) "Past member" means a former member who has retired with retirement health care benefits payable by a retirement system or a former qualified participant who has terminated employment and has an amount within his or her health reimbursement account.

**History:** Add. 2011, Act 265, Imd. Eff. Dec. 15, 2011