

HOUSE BILL No. 6345

August 16, 2006, Introduced by Reps. Elsenheimer, Jones, Schuitmaker, David Law, Nofs, Rocca, Pearce, Newell, Bieda and Lipsey and referred to the Committee on Judiciary.

A bill to amend 1992 PA 234, entitled
"The judges retirement act of 1992,"
(MCL 38.2101 to 38.2670) by adding section 719a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 719A. (1) AS USED IN THIS SECTION:**

2 **(A) "EFFECTIVE DATE" MEANS DECEMBER 31, 2006.**

3 **(B) "HEALTH BENEFITS" MEANS HOSPITAL, MEDICAL-SURGICAL, AND**
4 **SICK CARE BENEFITS FOR A RETIRANT AND HIS OR HER SPOUSE.**

5 **(C) "HEALTH BENEFITS PLAN" MEANS THE PLAN AUTHORIZED BY THE**
6 **RETIREMENT BOARD AND THE DEPARTMENT THAT PROVIDES HOSPITAL,**
7 **MEDICAL-SURGICAL, AND SICK CARE BENEFITS FOR A RETIRANT AND HIS OR**
8 **HER SPOUSE.**

9 **(D) "LOCAL HEALTH BENEFITS PLAN" MEANS A PLAN AUTHORIZED BY AN**
10 **ENTITY, OTHER THAN THE STATE OF MICHIGAN, THE RETIREMENT BOARD, AND**

1 THE DEPARTMENT, THAT PROVIDES HOSPITAL, MEDICAL-SURGICAL, AND SICK
2 CARE BENEFITS FOR A MEMBER OR QUALIFIED PARTICIPANT AS A FRINGE
3 BENEFIT OF HIS OR HER EMPLOYMENT.

4 (2) AN INDIVIDUAL WHO IS A MEMBER OR QUALIFIED PARTICIPANT ON
5 THE EFFECTIVE DATE MAY MAKE AN IRREVOCABLE ELECTION ON A FORM
6 PROVIDED BY THE RETIREMENT SYSTEM BY NO LATER THAN MARCH 1, 2007 TO
7 BE ELIGIBLE TO PARTICIPATE IN THE HEALTH BENEFITS PLAN.

8 (3) AN INDIVIDUAL WHO BECOMES A QUALIFIED PARTICIPANT AFTER
9 THE EFFECTIVE DATE SHALL HAVE 60 DAYS AFTER BECOMING A QUALIFIED
10 PARTICIPANT TO MAKE AN IRREVOCABLE ELECTION ON A FORM PROVIDED BY
11 THE RETIREMENT SYSTEM TO BE ELIGIBLE TO PARTICIPATE IN THE HEALTH
12 BENEFITS PLAN.

13 (4) WHEN AN INDIVIDUAL BECOMES A QUALIFIED PARTICIPANT AFTER
14 THE EFFECTIVE DATE, THE ENTITY THAT AUTHORIZED THE LOCAL HEALTH
15 BENEFITS PLAN SHALL CERTIFY TO THE RETIREMENT SYSTEM WITHIN 30 DAYS
16 WHETHER THE QUALIFIED PARTICIPANT IS ELIGIBLE TO PARTICIPATE IN THE
17 LOCAL HEALTH BENEFITS PLAN. AN INDIVIDUAL WHO BECOMES A QUALIFIED
18 PARTICIPANT AFTER THE EFFECTIVE DATE AND WHO IS NOT ELIGIBLE TO
19 PARTICIPATE IN A LOCAL HEALTH BENEFITS PLAN SHALL PARTICIPATE IN
20 THE HEALTH BENEFITS PLAN AND PAY THE CONTRIBUTIONS REQUIRED IN
21 SUBSECTION (9) WITHOUT THE NEED TO MAKE ANY ELECTION.

22 (5) AFTER THE EFFECTIVE DATE, IF THE ENTITY THAT AUTHORIZED
23 THE LOCAL HEALTH BENEFITS PLAN CERTIFIES TO THE RETIREMENT SYSTEM
24 THAT THE LOCAL HEALTH BENEFITS PLAN HAS BEEN TERMINATED AFTER AN
25 INDIVIDUAL BECAME A MEMBER OR QUALIFIED PARTICIPANT, THE MEMBER OR
26 THE QUALIFIED PARTICIPANT SHALL HAVE 60 DAYS AFTER SUCH
27 CERTIFICATION TO MAKE AN IRREVOCABLE ELECTION ON A FORM PROVIDED BY

1 THE RETIREMENT SYSTEM TO BE ELIGIBLE TO PARTICIPATE IN THE HEALTH
2 BENEFITS PLAN. THE MEMBER OR QUALIFIED PARTICIPANT SHALL PAY TO THE
3 RETIREMENT SYSTEM, WITHIN 30 DAYS AFTER MAKING HIS OR HER ELECTION,
4 THE AMOUNT THAT THE MEMBER OR THE QUALIFIED PARTICIPANT WOULD HAVE
5 PAID, PLUS THE INTEREST THAT THE RETIREMENT SYSTEM WOULD HAVE
6 EARNED, HAD HE OR SHE ELECTED TO PARTICIPATE IN THE HEALTH BENEFITS
7 PLAN AS PROVIDED IN SUBSECTION (2) OR SUBSECTION (3), AS
8 APPROPRIATE. IN ADDITION, THE MEMBER OR QUALIFIED PARTICIPANT SHALL
9 REMAIN A MEMBER OR QUALIFIED PARTICIPANT AND MAKE THE CONTRIBUTIONS
10 REQUIRED BY THIS SECTION FOR A MINIMUM OF 12 MONTHS FOLLOWING HIS
11 OR HER IRREVOCABLE ELECTION UNDER THIS SUBSECTION TO BE ELIGIBLE TO
12 PARTICIPATE IN THE HEALTH BENEFITS PLAN.

13 (6) A RETIRANT AND HIS OR HER SPOUSE SHALL RECEIVE THE HEALTH
14 BENEFITS PROVIDED IN THE HEALTH BENEFITS PLAN IF THE RETIRANT MEETS
15 ALL OF THE FOLLOWING REQUIREMENTS:

16 (A) THE RETIRANT IS AT LEAST 60 YEARS OF AGE.

17 (B) THE RETIRANT CONTRIBUTED TO THE RETIREMENT SYSTEM THE
18 AMOUNT REQUIRED BY SUBSECTION (9) FOR AT LEAST 30 MONTHS.

19 (C) THE RETIRANT MADE THE ELECTION REQUIRED IN SUBSECTION (2),
20 (3), OR (5) OR PARTICIPATES IN THE HEALTH BENEFITS PLAN AS REQUIRED
21 BY SUBSECTION (4).

22 (7) IF, ON THE EFFECTIVE DATE, A MEMBER OR QUALIFIED
23 PARTICIPANT WHO IS CURRENTLY SERVING IN HIS OR HER FINAL TERM UNDER
24 THE AGE LIMITATION PROVISIONS OF SECTION 19 OF ARTICLE VI OF THE
25 STATE CONSTITUTION OF 1963 MAKES THE ELECTION IN SUBSECTION (2), HE
26 OR SHE SHALL PAY ANY REMAINING AMOUNT OF THE REQUIRED CONTRIBUTION
27 IN A LUMP SUM PRIOR TO THE MEMBER OR QUALIFIED PARTICIPANT OR HIS

1 OR HER SPOUSE RECEIVING ANY HEALTH BENEFITS FROM THE HEALTH
2 BENEFITS PLAN.

3 (8) THE RETIREMENT SYSTEM SHALL DEPOSIT THE CONTRIBUTIONS MADE
4 BY MEMBERS AND QUALIFIED PARTICIPANTS INTO A SEPARATE ACCOUNT WHICH
5 SHALL ONLY BE USED AS PROVIDED IN THIS SECTION.

6 (9) THE CONTRIBUTION RATE FOR CALENDAR YEARS 2007, 2008, AND
7 2009 SHALL BE 5.2% OF THE MEMBER'S OR QUALIFIED PARTICIPANT'S TOTAL
8 SALARY, EXCEPT THAT, IF THE MEMBER OR QUALIFIED PARTICIPANT RETIRES
9 WITHIN 3 MONTHS AFTER THE EFFECTIVE DATE, THE RATE SHALL BE 7.2% OF
10 HIS OR HER SALARY. THE RATE BEGINNING IN 2010 SHALL NOT BE LESS
11 THAN 2% OR MORE THAN 6% OF HIS OR HER TOTAL SALARY. THE ACTUAL
12 PERCENTAGE SHALL BE DETERMINED ANNUALLY BY THE RETIREMENT SYSTEM
13 BASED UPON AN ANNUAL ACTUARIAL HEALTH VALUATION OF THE AMOUNT
14 NEEDED BY THE RETIREMENT SYSTEM TO PAY FOR THE COST OF THE HEALTH
15 BENEFITS PLAN. IF THE ACTUARIAL HEALTH VALUATION ESTABLISHES THAT,
16 IN ORDER FOR THE RETIREMENT SYSTEM TO PROPERLY PAY FOR 90% OF THE
17 COST OF THE HEALTH BENEFITS PLAN, THE REQUIRED CONTRIBUTION RATE
18 WOULD BE HIGHER THAN 6%, THE RETIREMENT SYSTEM MAY MODIFY THE
19 HEALTH BENEFITS PLAN AMONG OTHER POSSIBLE ALTERNATIVES. IF NO
20 ALTERNATIVE IS DEVELOPED THAT WILL KEEP THE HEALTH BENEFITS PLAN
21 SOLVENT WITHOUT INCREASING THE CONTRIBUTION RATE HIGHER THAN 6%,
22 THE RETIREMENT SYSTEM SHALL TERMINATE THE PLAN. AT THE DISCRETION
23 OF THE RETIREMENT BOARD, ANY UNUSED CONTRIBUTIONS, WITHOUT
24 INTEREST, SHALL BE REFUNDED TO THOSE MEMBERS, QUALIFIED
25 PARTICIPANTS, AND RETIRANTS WHO MADE CONTRIBUTIONS OR THEIR SPOUSES
26 IF THE MEMBER, QUALIFIED PARTICIPANT, OR RETIRANT IS DECEASED.

27 (10) THE CONTRIBUTIONS MADE BY MEMBERS AND QUALIFIED

1 PARTICIPANTS SHALL BE ON AN AFTER-TAX BASIS. IF THE DEPARTMENT
2 RECEIVES NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE
3 SERVICE THAT THE CONTRIBUTIONS MAY BE ON A PRETAX BASIS, THE
4 DEPARTMENT SHALL INSTITUTE THAT CHANGE.

5 (11) THE RETIREMENT SYSTEM SHALL PAY OUT OF THE CONTRIBUTIONS
6 RECEIVED UNDER SUBSECTION (9) 26% OF THE COST OF THE HEALTH
7 BENEFITS PLAN FOR A RETIRANT WHO HAS 12 YEARS OF SERVICE CREDIT AND
8 AN ADDITIONAL 8% OF THE COST FOR EACH YEAR OVER 12 YEARS UP TO A
9 MAXIMUM OF 90% OF THE COST. A RETIRANT WHO PREVIOUSLY MADE THE
10 ELECTION TO PARTICIPATE IN THE HEALTH BENEFITS PLAN AND HIS OR HER
11 SPOUSE SHALL PAY TO THE RETIREMENT SYSTEM, IN THE MANNER DETERMINED
12 BY THE SYSTEM, THE REMAINING PORTION OF THE COST OF THE HEALTH
13 BENEFITS PLAN NOT PAID BY THE RETIREMENT SYSTEM OUT OF THE
14 CONTRIBUTIONS RECEIVED UNDER SUBSECTION (9).

15 (12) IF AN INDIVIDUAL WHO MADE CONTRIBUTIONS TO PAY FOR THE
16 HEALTH BENEFITS PLAN CEASES TO BE A MEMBER OR QUALIFIED PARTICIPANT
17 BEFORE OBTAINING 12 YEARS OF SERVICE CREDIT, THE INDIVIDUAL SHALL
18 RECEIVE A REFUND OF ALL OF HIS OR HER CONTRIBUTIONS WITHOUT PAYMENT
19 OF INTEREST.