

**SUBSTITUTE FOR  
HOUSE BILL NO. 5881**

A bill to amend 1943 PA 240, entitled  
"State employees' retirement act,"  
by amending section 68c (MCL 38.68c), as amended by 2011 PA 264.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 68c. (1) Except as otherwise provided in this section, a  
2       retirant who is receiving a retirement allowance under this act and  
3       is employed by this state beginning on or after October 2, 2007  
4       agrees to forfeit his or her right to receive that retirement  
5       allowance during this period of state employment. The retirement  
6       system shall cease payment of the retirement allowance to a  
7       retirant described in this subsection during this period of state  
8       employment and shall reinstate payment of the retirement allowance  
9       without recalculation when the period of state employment ceases.

1 This subsection does not apply to a retirant who is directly or  
2 indirectly employed by this state on October 1, 2007 so long as he  
3 or she remains in the position held by the retirant on October 1,  
4 2007. As used in this subsection, "employed by this state" means  
5 employed directly by this state as an employee, indirectly by this  
6 state through a contractual arrangement with other parties, or by  
7 engagement of the retirant by this state as an independent  
8 contractor. This subsection does not apply to a retirant who is  
9 engaged as an independent contractor on October 1, 2010 so long as  
10 the retirant remains engaged in the same contract that was held by  
11 the retirant on October 1, 2010 without amendment or extension.

12 (2) A hospital, medical-surgical, and sick care benefits plan,  
13 dental plan, vision plan, and hearing plan that covers retirants,  
14 retirant allowance beneficiaries, former qualified participants,  
15 and health benefit dependents under this act shall contain a  
16 coordination of benefits provision that provides all of the  
17 following:

18 (a) If the person covered under any of the plans is also  
19 eligible for medicare, then the benefits under medicare shall be  
20 determined before the health insurance benefits under this act.

21 (b) If a person covered under any of the plans provided by  
22 this act is also covered under another plan that contains a  
23 coordination of benefits provision, the benefits shall be  
24 coordinated as provided in the coordination of benefits act, 1984  
25 PA 64, MCL 550.251 to 550.255.

26 (c) If the person covered under any of the plans provided by  
27 this act is also covered under another plan that does not contain a

1 coordination of benefits provision, the benefits under the other  
2 plan shall be determined before the benefits provided pursuant to  
3 this act.

4 (3) Subsection (1) does not apply to a retirant if all of the  
5 following apply:

6 (a) The retirant is hired to provide health care services to  
7 individuals under the jurisdiction of the department of  
8 corrections.

9 (b) The retirant is hired in a position that is limited in  
10 term, no benefits are paid, and pay is on a per diem basis.

11 (c) The department of corrections provides written notice to  
12 the state budget office and the department of technology,  
13 management, and budget that attempts have been made to fill the  
14 position through postings and recruitment and that the position  
15 vacancy still exists.

16 (d) The department of corrections reports the employment of a  
17 retirant under this subsection within 30 days of employment of the  
18 retirant to the state budget office and the department of  
19 technology, management, and budget. The report shall include the  
20 name of the retirant, the capacity in which the retirant is  
21 employed, and the total compensation paid to the retirant.

22 **(E) THE RETIRANT RETIRED AFTER A BONA FIDE TERMINATION.**

23 (4) Subsection (1) does not apply to the appointment of a  
24 retirant **WHO RETIRED AFTER A BONA FIDE TERMINATION AND** who was an  
25 assistant attorney general as a special assistant attorney general  
26 if the attorney general determines that, as a result of his or her  
27 previous employment with ~~the~~**THIS** state, the retirant possesses

1 specialized expertise and experience necessary for the appointment  
2 and that the appointment is the most cost-effective option for this  
3 state.

4 (5) UNTIL SEPTEMBER 30, 2013, SUBSECTION (1) DOES NOT APPLY TO  
5 A RETIRANT IF ALL OF THE FOLLOWING APPLY:

6 (A) THE RETIRANT IS HIRED TO PROVIDE FOR THE CUSTODY OF  
7 INDIVIDUALS UNDER THE JURISDICTION OF THE DEPARTMENT OF  
8 CORRECTIONS.

9 (B) THE RETIRANT IS HIRED IN A POSITION THAT IS LIMITED IN  
10 TERM, NO BENEFITS ARE PAID, AND THE PAY IS NOT MORE THAN 80% OF THE  
11 MAXIMUM HOURLY WAGE GRANTED FOR THE FISCAL YEAR ENDING SEPTEMBER  
12 30, 2013 TO CLASSIFIED CIVIL SERVICE EMPLOYEES EMPLOYED BY THE  
13 DEPARTMENT OF CORRECTIONS TO PERFORM THE SAME DUTIES AS THE  
14 RETIRANT.

15 (C) THE RETIRANT WORKS NO MORE THAN 1,040 HOURS IN A 12-MONTH  
16 PERIOD OF STATE EMPLOYMENT.

17 (D) THE RETIRANT RETIRED AFTER A BONA FIDE TERMINATION OF  
18 EMPLOYMENT.