



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL  ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 218 (as enrolled)
Sponsor: Senator Wayne Schmidt
Senate Committee: Appropriations
House Committee: Appropriations

Date Completed: 9-29-16

CONTENT

The bill would amend the Public Safety Officers Benefit Act to require the State to provide health care coverage for the surviving spouse and dependents of officers who died in the line of duty.

Under the Act, if a public safety officer dies or is totally and permanently disabled as the direct and proximate result of a personal injury sustained in the line of duty, the officer's surviving spouse and dependents are eligible for a one-time payment of \$25,000. The Act defines "public safety officer" as any individual serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, firefighter, rescue squad member, or ambulance crew member.

Upon notice to the Office of Retirement Services from the agency the officer served, and subject to appropriation, the bill would require the State to provide the surviving spouse and dependent children of public safety officers who died as a direct and proximate result of a personal injury sustained in the line of duty on or after October 1, 2015, with coverage through a medical benefit plan comparable to the medical benefit plan offered to retired State Police troopers.

Coverage would not be required during a period when a surviving spouse or dependent child qualified for and received comparable coverage under a medical benefit plan offered by another source, including benefits under a medical benefit plan through a retirement system administered by the State, and coverage would not be required to be provided for more than 60 months. For a surviving spouse, the coverage would cease if he or she became eligible for Medicare.

Coverage also would not be required for dependent children following the limiting age for a dependent child or a terminating event in the same manner as is provided under the medical benefit plan for State Police trooper retirees. If the Federal Affordable Care Act (42 USC 300gg-14) required benefit eligibility to be applied more broadly, coverage under the bill would be provided in compliance with that law.

The Department of Technology, Management, and Budget's Office of Retirement Services would be responsible for administering the provisions of the bill. The Office would be required, in its sole discretion, to determine if a medical benefit plan was comparable and offered on comparable terms to the medical benefit plan offered to Michigan State Police trooper retirees for determining the benefit plan offered under the bill.

The bill would define "dependent child" as an unmarried natural or adopted child; a stepchild; or a child under the age of 18 if the officer was awarded full legal guardianship. The child of a dependent child receiving coverage under the bill would not be eligible for coverage.

"Medical benefit plan" would mean a plan to provide for the payment of medical, optical, or dental benefits, including, but not limited to, hospital and physician services, prescription drugs, and related benefits.

The Act defines "firefighter" as a regularly employed member of a fire department of a city, county, township, State university or community college, a member of the Department of Natural Resources who is employed to fight fires, or a voluntary member of a fire department. The bill also would include a regularly employed member of a fire department of an authority, district, board, or other entity created in whole or in part by one or more cities, counties, villages, or townships.

The bill would make a similar amendment to the definition of "public safety officer". Also, in that definition, the bill would refer to a "member of a rescue squad or ambulance crew", rather than a "rescue squad member" or "ambulance crew member".

Currently, "member of a rescue squad or ambulance crew" means an officially recognized or designated employee or volunteer member of a rescue squad or ambulance crew. The bill also would include an emergency medical technician, a medical first responder, and a paramedic, as those terms are defined in the Public Health Code.

MCL 28.632 et al.

FISCAL IMPACT

Currently, the State share of retiree health insurance for retired State Police troopers is \$11,700 per year (which reflects coverage for a spouse plus dependents). Under the bill, the total cost to the State each year would be equal to the cost of the number of insurance policies provided to survivors (and their dependents). According to recent data, an average of five public safety officer deaths have occurred per year, which would mean an average annual State cost of \$58,500, which would accumulate over time. In other words, in the first year, if five deaths occurred and coverage were provided to the families, the cost would be \$58,500. In the second year, if another five deaths occurred, the original \$58,500 cost would continue to provide a second year of health coverage, and added to it would be \$58,500 for the first year of coverage for families affected in the second year. This would continue over time, and costs would accumulate as newly affected families were provided coverage, although as families procured coverage from other sources or became eligible for Medicare, the costs would flatten out. In addition, the costs to support an individual's family would cease after the 60-month cap on the State's provision of medical benefits was reached, unless the State chose to continue providing coverage.

This cost would vary depending on the number of individuals covered and the types of coverage (survivor or survivor-plus-dependents), health care inflation, and premium cost sharing. Currently, for a survivor-plus-dependent policy, a survivor pays \$700 per year toward the cost of the health care premium, with the State paying \$11,700 per year as noted above. These costs would continue until the 60-month cap was reached (unless the State chose to continue providing coverage), the survivor became eligible for Medicare, a dependent became ineligible due to age, or coverage under another plan was obtained.

There could be slight local savings in cases in which a local municipality provided health care coverage to survivors and dependents, which would be unnecessary under the bill due to State's provision of the coverage.

Fiscal Analyst: Bruce Baker
Kathryn Summers

S1516\S218es

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.