

Legislative Analysis



PERCENTAGE OF HEALTH BENEFITS PREMIUMS REQUIRED TO BE PAID BY PUBLIC EMPLOYEES

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House Bill 5624

Sponsor: Rep. David Agema

Committee: Judiciary

Complete to 12-04-09

A SUMMARY OF HOUSE BILL 5624 AS INTRODUCED 12-1-09

Proposed House Bill 5624 would require an employee or elected official of a public employer offering health benefits to pay, at a minimum, 15 percent of the premium cost of the health benefits offered. Co-payments, deductibles, or coinsurance payments are in addition to, and not included in, the employee share of the cost of health benefits. Public employer is defined in HB 5624 as a "state; a city, village, township, county, or other political subdivision of the state; any intergovernmental, metropolitan, or local department, agency, or authority, or other local political subdivision; or a school district, a public school academy, or an intermediate school district." The bill would create a new act to be called the Health Benefit Cost Sharing Act.

FISCAL IMPACT:

In FY 2008-09, the State of Michigan employed approximately 51,000 employees, of which approximately 48,500 were enrolled in state health insurance plans. State employees currently pay 10% of the premium on their health insurance. If state employees' percentage share of the premium was increased from 10% to 15%, it is estimated that the state would realize approximately \$17 million in savings from active employees and \$8 million in savings from retirees. The estimated savings include savings from all funding sources; not just the General Fund.

Information regarding savings to local units of government cannot be readily obtained. Each local unit of government negotiates health benefits and employee contributions and that information is not collected by the state.

There is insufficient data available with which to estimate the savings that would be generated by requiring public school employees to pay a minimum of 15% of their health care premiums. Each district individually negotiates employee contributions and that information is not collected by the state. For FY 2008-09, statewide, public school districts paid \$2.06 billion for insurance costs, including medical, dental, vision, life and disability.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.