

**SUBSTITUTE FOR  
HOUSE BILL NO. 4572**

A bill to limit a public employer's expenditures for health insurance benefits; and to provide for exceptions.

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

1           Sec. 1. This act shall be known and may be cited as the  
2 "public employer health insurance cap act".

3           Sec. 3. As used in this act:

4           (a) "Health insurance" means employee medical, dental, or  
5 optical benefits.

6           (b) "Public employer" means this state; a county, township,  
7 village, city, school district, or other political subdivision of  
8 this state; an authority; a public institution of higher education;  
9 or any other entity jointly created by 2 or more public employers.

10          Sec. 5. Except as otherwise provided in this act, a public

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1 employer that offers health insurance to its employees through an  
2 insurance carrier or through self-insurance shall pay no more of  
3 the annual premium or illustrative annual premium cost and any  
4 payments for reimbursement of co-pays, deductibles, or payments  
5 into health savings accounts or similar accounts used for health  
6 care, optical, or dental costs, than a total of [\$5,500.00] for  
7 single-person coverage, [\$11,000.00] for 2-person coverage, or  
8 \$15,000.00 for family coverage for the 2012 calendar year. By  
9 October 1 of each year after 2011, the state treasurer shall adjust  
10 the maximum payment permitted under this section for each coverage  
11 category for the succeeding calendar year, based on the change in  
12 the medical care component of the United States consumer price  
13 index for the most recent 12-month period for which data are  
14 available from the United States department of labor, bureau of  
15 labor statistics.

16       Sec. 7. (1) If a collective bargaining agreement or other  
17 contract that is inconsistent with section 5 is in effect for a  
18 group of employees of a public employer on the effective date of  
19 this act, the requirements of section 5 do not apply to that group  
20 of employees until the contract expires. The requirements of  
21 section 5 apply to any extension or renewal of the contract.

22       (2) A collective bargaining agreement or other contract that  
23 is executed on or after the effective date of this act shall not  
24 include terms that are inconsistent with the requirements of  
25 section 5.

26       Sec. 9. Subject to section 7, if a public employer chooses not  
27 to or fails to comply with the requirements of section 5, the

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1 public employer shall permit the state treasurer to reduce by 10%  
2 each [economic vitality incentive program payment received under 2011 PA  
63] and the department of  
3 education shall reduce by 10% each payment of any funds for which  
4 the public employer qualifies under the state school aid act of  
5 1979, 1979 PA 94, MCL 388.1601 to 388.1772, during the period of  
6 noncompliance.

7       Sec. 11. The requirements of section 5 apply to all public  
8 employees to the greatest extent consistent with constitutionally  
9 allocated powers.