

SENATE BILL No. 7

January 19, 2011, Introduced by Senator JANSEN and referred to the Committee on Reforms, Restructuring and Reinventing.

A bill to limit a public employer's portion of the cost of 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 "publicly funded health insurance contribution act".

3 Sec. 3. As used in this act:

4 (a) "Costs" of a medical benefit plan and "total costs" of
5 medical benefit plans do not include copayments, coinsurance,
6 deductibles, other out-of-pocket expenses, or other service-related
7 fees assessed to the coverage beneficiary.

8 (b) "Local unit of government" means a city, county, township,

1 or village.

2 (c) "Medical benefit plan" means a plan established and
3 maintained by a carrier or 1 or more public employers that provides
4 for the payment of medical, optical, or dental benefits, including,
5 but not limited to, hospital and physician services, prescription
6 drugs, and related benefits, to public employees.

7 (d) "Public employer" means this state; a city, village,
8 township, county, or other political subdivision of this state; any
9 intergovernmental, metropolitan, or local department, agency, or
10 authority, or other local political subdivision; a school district,
11 a public school academy, or an intermediate school district, as
12 those terms are defined in sections 4 to 6 of the revised school
13 code, 1976 PA 451, MCL 380.4 to 380.6; a community college or
14 junior college described in section 7 of article VIII of the state
15 constitution of 1963; or an institution of higher education
16 described in section 4 of article VIII of the state constitution of
17 1963.

18 Sec. 5. (1) Except as otherwise provided in this act,
19 beginning January 1, 2013, a public employer that offers only non-
20 self-funded medical benefit plans to its employees or elected
21 officials shall pay no more of each employee's or elected official's
22 medical benefit plan costs than an amount equal to 80% of the total
23 cost for all of the medical benefit plans it offers to its
24 employees and elected officials on the effective date of this act
25 divided by the total number of covered employees and elected
26 officials. However, the percentage used to calculate the maximum
27 allowable payment under this section may be increased to 90% for an

1 employee or elected official who is covered by a medical benefit
2 plan that includes a health savings account as described in section
3 223 of the internal revenue code of 1986, 26 USC 223, in
4 combination with a high deductible health plan that complies with
5 federal statute and regulations. If a public employer is not in
6 existence on the effective date of this act, the maximum allowable
7 payment under this section shall be the indicated percentage of the
8 total cost for all of the medical benefit plans it offers to its
9 employees and elected officials on the date it becomes a public
10 employer divided by the total number of covered employees and
11 elected officials. The maximum allowable payments calculated under
12 this section apply whether the medical benefit plan provides
13 coverage for the employee or elected official only or includes
14 coverage for the employee's or elected official's family or
15 dependents.

16 (2) The public employer shall adjust the maximum allowable
17 payment calculated under this section annually, based on the most
18 comprehensive index of consumer prices available for the Detroit
19 area from the United States department of labor, bureau of labor
20 statistics.

21 (3) A public employer that is formed by the merger of 2 or
22 more public employers after the effective date of this act and that
23 offers no self-funded medical benefit plan shall calculate the
24 maximum allowable payment under subsection (1) as of the date the
25 new public entity comes into existence.

26 Sec. 7. Except as otherwise provided in this act, beginning
27 January 1, 2013, a public employer that offers 1 or more self-

1 funded medical benefit plans to its employees or elected officials
2 shall pay no more than 80% of the cost per covered employee or
3 elected officer of any self-funded or non-self-funded medical
4 benefit plan. However, the maximum percentage a public employer may
5 pay under this section is increased to 90% for an employee or
6 elected official who is covered by a medical benefit plan that
7 includes a health savings account as described in section 223 of
8 the internal revenue code of 1986, 26 USC 223, in combination with
9 a high deductible health plan that complies with federal statutes
10 and regulations. The maximum allowable payments calculated under
11 this section apply whether the medical benefit plan provides
12 coverage for the employee or elected official only or includes
13 coverage for the employee's or elected official's family or
14 dependents.

15 Sec. 9. A public employer may contribute to an employee's or
16 elected official's health savings account as permitted in section
17 223 of the internal revenue code of 1986, 26 USC 223, and this
18 contribution is not included in the public employer's maximum
19 allowable payment for the cost of medical benefit plans established
20 in this act.

21 Sec. 11. A public employer may deduct the covered employee's
22 or elected public officer's portion of the cost of a medical
23 benefit plan from compensation due to the covered employee or
24 elected officer. The employer may condition eligibility for the
25 medical benefit plan on the employee's or elected official's
26 authorizing the public employer to make the deduction.

27 Sec. 13. If a collective bargaining agreement or other

1 contract that is inconsistent with section 5 or 7 is in effect for
2 a group of employees of a public employer on the effective date of
3 this act, the requirements of section 5 or 7 do not apply to that
4 group of employees until the collective bargaining agreement or
5 other contract expires or is amended, extended, or renewed.

6 Sec. 15. The requirements of section 5 or 7 apply to all
7 public employees to the greatest extent consistent with
8 constitutionally allocated powers, whether or not a public employee
9 is a member of a collective bargaining unit.

10 Sec. 17. (1) By a 2/3 vote of its governing body, a local unit
11 of government may exempt itself from the requirements of this act
12 for the next succeeding contract period.

13 (2) Another 2/3 vote of the governing body of the local unit
14 of government is required to extend an exemption under this section
15 to a new contract period after a contract for medical benefit plan
16 expires or terminates or is amended, extended, or renewed.