

SENATE BILL No. 999

March 1, 2012, Introduced by Senator BRANDENBURG and referred to the Committee on Finance.

A bill to create a new financing mechanism for public employee health benefits; to require the creation and operation of a public employee health benefits financing trust; to provide the powers and duties of certain state officers; to prescribe the powers and duties of the trust administrator; to require participation in the financing mechanism for state employee health benefits; and to allow other public employers to participate in the financing mechanism for public employee health benefits.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "public employee health benefits financing act".

3 Sec. 2. As used in this act:

4 (a) "Health benefits" means health insurance provided as an
5 incident of public employment, including self-funded insurance and

1 worker's compensation insurance.

2 (b) "Public employer" means this state or a county, township,
3 village, city, authority, school district, intermediate school
4 district, or other political subdivision of this state and includes
5 any entity jointly created by 2 or more of those entities.

6 (c) "Trust" means the trust authorized in section 3 to finance
7 public employee health benefits.

8 (d) "Trust administrator" means the entity charged with
9 administering the trust as provided in section 4.

10 Sec. 3. (1) The attorney general shall oversee the
11 establishment and administration of an independent trust for use in
12 financing and disbursing payments for public employee health
13 benefits. The attorney general shall include terms in the trust
14 documents that protect public employer contract obligations to
15 provide health benefits. The powers and duties of the trust
16 administrator include all of the following:

17 (a) To accept funds for payment into the trust from any
18 source.

19 (b) To disburse funds from the trust to meet public employer
20 contract obligations for public employee health benefits.

21 (c) To invest trust funds that are not needed to fund current
22 trust obligations.

23 (d) To disburse funds from the trust to pay the expenses of
24 administering the trust.

25 (e) To seek methods to increase the value of the health
26 benefits received for the funds disbursed.

27 (f) To investigate and enter into financing methods secured by

1 trust assets.

2 (g) To administer the trust assets in accordance with the
3 obligations of an investment fiduciary under section 13(3) of the
4 public employee retirement system investment act, 1965 PA 314, MCL
5 38.1133.

6 (2) The trust administrator's powers do not include the power
7 to bind a public employer to any indebtedness or to decrease health
8 benefits provided to public employees under existing contract
9 obligations.

10 Sec. 4. The department of technology, management, and budget
11 shall contract with an entity to serve as trust administrator. The
12 trust administrator shall be required to post a bond in an amount
13 determined by the department of technology, management, and budget
14 to ensure faithful performance of the trust administrator's duties,
15 but not more than \$2,000,000.00. The bond shall meet all of the
16 following requirements:

17 (a) Be issued by a bonding company licensed to do business in
18 this state.

19 (b) Name the trust administrator as the principal and the
20 state as the obligee.

21 (c) Be on a form prescribed by the department of technology,
22 management, and budget.

23 (d) Include the bond company's power of attorney as an
24 attachment.

25 Sec. 5. (1) After the trust is formed, this state shall
26 finance public employee health benefits under this act and shall
27 remit to the trust the premiums or contributions required of the

1 state and its current participating employees for self-insured
2 health benefits, contractual health insurance, or any other
3 arrangement this state has established for health care benefits.
4 This state shall also participate in financing health benefits for
5 public employee retirees under this act.

6 (2) After the trust has been in existence for 1 year, any
7 other public employer may participate in the financing of health
8 benefits for its public employees or public employee retirees under
9 this act.

10 Sec. 6. The department of technology, management, and budget
11 may promulgate rules to implement this act in accordance with the
12 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
13 24.328.