

MEDICAL BENEFIT PLANS FOR PUBLIC EMPLOYEES OR ELECTED OFFICIALS

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House Bill 6531 (proposed substitute H-1)
Sponsor: Rep. James A. Lower
Committee: Local Government
Complete to 11-28-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6531 would amend the Publicly Funded Health Insurance Contribution Act to revise the limit on the contribution of a public employer that offers or contributes to a medical benefit plan for its employees or elected public officials.

Currently the Act provides that a public employer may offer a health benefit capped either at a fixed cost—increased annually by the medical care component of the U.S. Consumer Price Index (CPI)—or 80% of the cost of the benefit. However, the Act allows an employer to meet both options as a total cost when multiplying the cap for each coverage size (single, two-person, or family) by the number of employees or elected officials at that coverage. Further, it allows the employer to allocate actual costs among individual employees as it sees fit.

The bill would delete this provision for medical benefit plan years beginning after the effective date of the bill. It would effectively establish a cap on the employer contribution for each individual's benefit rather than on average.

The bill provides that its changes would apply to a collective bargaining agreement or contract executed, extended, or renewed after the bill took effect.

The bill also updates the hard caps for the year in which the bill takes effect to reflect the 2019 calendar caps as published by the Department of Treasury.¹

The bill would state that the Act does not prohibit a public employer from paying a premium or illustrative rate based on a combination of the claims experience of its employees and elected public officials and the claims experience of individuals retired from the public employer.

The bill would take effect 90 days after enactment.

MCL 15.563 and 15.564

¹https://www.michigan.gov/documents/treasury/Public_Act_152_Medical_Benefit_Limits_for_Calendar_Year_2019_633831_7.pdf

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on state and local government. To the extent that a public employer was complying with the required caps based on the total cost rather than on specific individual costs, it could reduce costs by capping some individual costs at an amount or rate lower than what the employer had been paying for those applicable individuals.

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