



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1209 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Phil Pavlov
Committee: Education

CONTENT

The bill would amend the Publicly Funded Health Insurance Contribution Act to do the following:

- For a medical benefit plan coverage year beginning on or after the bill's effective date, specify the amount of annual costs or illustrative rate, and any payment for reimbursement of co-pays, deductibles, or payments into accounts used for health care costs that a public employer that offered or contributed to a medical benefit plan for its employees or elected officials could pay.
- Require the State Treasurer, beginning in 2019, to adjust the maximum payment permitted of these costs by April 1, instead of October 1.
- Specify that, for a medical benefit plan coverage year beginning on or after the bill's effective date, a public employer could elect to pay not more than 80% of the costs of an employee's or elected public official's medical benefits.
- Specify that the bill would apply to a collective bargaining agreement or other contract that was executed, extended, or renewed on or after the bill's effective date.

MCL 15.563 & 15.564

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. The bill could reduce health benefit costs for the State or a local government employer by capping the amount paid by the employer at 80% of the cost per individual. Currently, a public employer can make payments based on the total cost for all employees rather than based on an individual's cost, which can result in an employer paying more than the proposed cap of 80%. In those instances, under the bill, the employer would have to pay a maximum of 80% of an individual's health care costs, which could result in lower costs for those employers that currently pay more than 80%. The amount of savings is indeterminate and would depend on the number of individuals who would be affected by the proposed change.

Date Completed: 12-6-18

Fiscal Analyst: Joe Carrasco