

**SUBSTITUTE FOR
SENATE BILL NO. 1209**

A bill to amend 2011 PA 152, entitled
"Publicly funded health insurance contribution act,"
by amending sections 3 and 4 (MCL 15.563 and 15.564), section 3 as
amended by 2013 PA 270 and section 4 as amended by 2013 PA 271, and
by adding section 7a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) Except as otherwise provided in this act, **FOR A**
2 **MEDICAL BENEFIT PLAN COVERAGE YEAR BEGINNING ON OR AFTER JANUARY 1,**
3 **2012,** a public employer that offers or contributes to a medical
4 benefit plan for its employees or elected public officials shall
5 pay no more of the annual costs or illustrative rate and any
6 payments for reimbursement of co-pays, deductibles, or payments
7 into health savings accounts, flexible spending accounts, or
8 similar accounts used for health care costs, than a total amount

1 equal to \$5,500.00 times the number of employees and elected public
2 officials with single-person coverage, \$11,000.00 times the number
3 of employees and elected public officials with individual-and-
4 spouse coverage or individual-plus-1-nonspouse-dependent coverage,
5 plus \$15,000.00 times the number of employees and elected public
6 officials with family coverage. ~~, for a medical benefit plan~~
7 ~~coverage year beginning on or after January 1, 2012.~~ A public
8 employer may allocate its payments for medical benefit plan costs
9 **UNDER THIS SUBSECTION** among its employees and elected public
10 officials as it sees fit. **FOR A MEDICAL BENEFIT PLAN COVERAGE YEAR**
11 **BEGINNING ON OR AFTER JANUARY 1, 2014 BUT ON OR BEFORE DECEMBER 31,**
12 **2014, THE MULTIPLIER USED TO CALCULATE THE MAXIMUM PUBLIC EMPLOYER**
13 **PAYMENT UNDER THIS SUBSECTION IS \$12,250.00 FOR EMPLOYEES AND**
14 **ELECTED PUBLIC OFFICIALS WITH INDIVIDUAL-AND-SPOUSE COVERAGE OR**
15 **INDIVIDUAL-PLUS-1-NONSPOUSE-DEPENDENT COVERAGE, AND MUST BE**
16 **ADJUSTED EACH YEAR AS PROVIDED IN SUBSECTION (3). FOR PURPOSES OF**
17 **CALCULATING A PUBLIC EMPLOYER'S MAXIMUM TOTAL ANNUAL MEDICAL**
18 **BENEFIT PLAN COSTS UNDER THIS SUBSECTION, "EMPLOYEE OR ELECTED**
19 **PUBLIC OFFICIAL" DOES NOT INCLUDE AN EMPLOYEE OR ELECTED PUBLIC**
20 **OFFICIAL WHO DECLINES THE MEDICAL BENEFIT PLAN OFFERED OR**
21 **CONTRIBUTED TO BY THE PUBLIC EMPLOYER.**

22 (2) **FOR A MEDICAL BENEFIT PLAN COVERAGE YEAR BEGINNING ON OR**
23 **AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**
24 **SUBSECTION (4), A PUBLIC EMPLOYER THAT OFFERS OR CONTRIBUTES TO A**
25 **MEDICAL BENEFIT PLAN FOR ITS EMPLOYEES OR ELECTED PUBLIC OFFICIALS**
26 **SHALL PAY NOT MORE OF THE ANNUAL COSTS OR ILLUSTRATIVE RATE AND ANY**
27 **PAYMENTS FOR REIMBURSEMENT OF CO-PAYS, DEDUCTIBLES, OR PAYMENTS**

1 INTO HEALTH SAVINGS ACCOUNTS, FLEXIBLE SPENDING ACCOUNTS, OR
 2 SIMILAR ACCOUNTS USED FOR HEALTH CARE COSTS, THAN THE FOLLOWING:

3 (A) FOR ANY EMPLOYEE OR ANY ELECTED PUBLIC OFFICIAL WITH
 4 SINGLE-PERSON COVERAGE, \$6,685.17.

5 (B) FOR ANY EMPLOYEE OR ANY ELECTED PUBLIC OFFICIAL WITH
 6 INDIVIDUAL-AND-SPOUSE COVERAGE OR INDIVIDUAL-PLUS-1-NONPOUSE-
 7 DEPENDENT COVERAGE, \$13,980.75.

8 (C) FOR ANY EMPLOYEE OR ANY ELECTED PUBLIC OFFICIAL WITH
 9 FAMILY COVERAGE, \$18,232.31.

10 (3) By October 1 of each year after 2011, the state treasurer
 11 shall adjust the maximum payment permitted under ~~this subsection~~
 12 **SUBSECTIONS (1) AND (2) THEN IN EFFECT** for each coverage category
 13 for medical benefit plan coverage years beginning the succeeding
 14 calendar year, based on the change in the medical care component of
 15 the United States consumer price index for the most recent 12-month
 16 period for which data are available from the United States
 17 ~~department of labor, bureau of labor statistics.~~ **DEPARTMENT OF**
 18 **LABOR, BUREAU OF LABOR STATISTICS.**

19 ~~—— (2) For a medical benefit plan coverage year beginning January~~
 20 ~~1, 2014 through December 31, 2014, the multiplier used to calculate~~
 21 ~~the maximum public employer payment under subsection (1) shall be~~
 22 ~~\$12,250.00 for employees and elected public officials with~~
 23 ~~individual and spouse coverage or individual plus 1 nonspouse-~~
 24 ~~dependent coverage and shall be adjusted each year as provided in~~
 25 ~~subsection (1).~~

26 ~~—— (3) For purposes of calculating a public employer's maximum~~
 27 ~~total annual medical benefit plan costs under subsection (1),~~

1 ~~"employee or elected public official" does not include an employee~~
2 ~~or elected public official who declines the medical benefit plan~~
3 ~~offered or contributed to by the public employer.~~

4 **(4) THE PROVISIONS OF THIS SECTION AND SECTION 4, AS AMENDED**
5 **BY THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, APPLY TO A**
6 **COLLECTIVE BARGAINING AGREEMENT OR OTHER CONTRACT THAT IS EXECUTED,**
7 **EXTENDED, OR RENEWED ON OR AFTER THE EFFECTIVE DATE OF THE**
8 **AMENDATORY ACT THAT ADDED THIS SUBSECTION.**

9 Sec. 4. (1) By a majority vote of its governing body each
10 year, ~~prior to~~ **BEFORE** the beginning of the medical benefit plan
11 coverage year, a public employer, excluding this state, may elect
12 to comply with this section for a medical benefit plan coverage
13 year instead of the requirements in section 3. The designated state
14 official may elect to comply with this section instead of section 3
15 as to medical benefit plans for state employees and state officers.

16 **(2) For** ~~EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, FOR A~~
17 medical benefit plan coverage ~~years~~ **YEAR** beginning on or after
18 January 1, 2012, a public employer shall pay not more than 80% of
19 the total annual costs of all of the medical benefit plans it
20 offers or contributes to for its employees and elected public
21 officials. For purposes of this subsection, total annual costs
22 includes the premium or illustrative rate of the medical benefit
23 plan and all employer payments for reimbursement of co-pays,
24 deductibles, and payments into health savings accounts, flexible
25 spending accounts, or similar accounts used for health care but
26 does not include beneficiary-paid copayments, coinsurance,
27 deductibles, other out-of-pocket expenses, other service-related

1 fees that are assessed to the coverage beneficiary, or beneficiary
2 payments into health savings accounts, flexible spending accounts,
3 or similar accounts used for health care. For purposes of this
4 ~~section,~~ **SUBSECTION**, each elected public official who participates
5 in a medical benefit plan offered by a public employer shall be
6 required to pay 20% or more of the total annual costs of that plan.
7 The public employer may allocate the employees' share of total
8 annual costs of the medical benefit plans among the employees of
9 the public employer as it sees fit.

10 **(3) FOR A MEDICAL BENEFIT PLAN COVERAGE YEAR BEGINNING ON OR**
11 **AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
12 **SUBSECTION, FOR AN EMPLOYEE OR ELECTED PUBLIC OFFICIAL OF A PUBLIC**
13 **EMPLOYER, THE PUBLIC EMPLOYER SHALL PAY NOT MORE THAN 80% OF THE**
14 **COSTS OF THE MEDICAL BENEFITS FOR THE EMPLOYEE OR ELECTED PUBLIC**
15 **OFFICIAL UNDER THE MEDICAL BENEFIT PLAN THAT THE PUBLIC EMPLOYER**
16 **OFFERS OR CONTRIBUTES TO FOR THE EMPLOYEE OR ELECTED PUBLIC**
17 **OFFICIAL. FOR PURPOSES OF THIS SUBSECTION, COSTS OF MEDICAL**
18 **BENEFITS INCLUDES THE PREMIUM OR ILLUSTRATIVE RATE OF THE MEDICAL**
19 **BENEFIT PLAN AND ALL EMPLOYER PAYMENTS FOR REIMBURSEMENT OF CO-**
20 **PAYS, DEDUCTIBLES, AND PAYMENTS INTO HEALTH SAVINGS ACCOUNTS,**
21 **FLEXIBLE SPENDING ACCOUNTS, OR SIMILAR ACCOUNTS USED FOR HEALTH**
22 **CARE BUT DOES NOT INCLUDE BENEFICIARY-PAID COPAYMENTS, COINSURANCE,**
23 **DEDUCTIBLES, OTHER OUT-OF-POCKET EXPENSES, OTHER SERVICE-RELATED**
24 **FEEES THAT ARE ASSESSED TO THE COVERAGE BENEFICIARY, OR BENEFICIARY**
25 **PAYMENTS INTO HEALTH SAVINGS ACCOUNTS, FLEXIBLE SPENDING ACCOUNTS,**
26 **OR SIMILAR ACCOUNTS USED FOR HEALTH CARE.**

27 **SEC. 7A. THIS ACT DOES NOT PROHIBIT A PUBLIC EMPLOYER FROM**

1 PAYING A PREMIUM OR ILLUSTRATIVE RATE THAT IS BASED ON A
2 COMBINATION OF THE CLAIMS EXPERIENCE OF THE PUBLIC EMPLOYER'S
3 EMPLOYEES AND ELECTED PUBLIC OFFICIALS AND THE CLAIMS EXPERIENCE OF
4 INDIVIDUALS RETIRED FROM THE PUBLIC EMPLOYER.

5 Enacting section 1. This amendatory act takes effect 90 days
6 after the date it is enacted into law.