Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6058 (Substitute H-2 as discharged)
Sponsor: Representative Mai Xiong
House Committee: Labor
Senate Committee: Government Operations (discharged)

**CONTENT**

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

-- Beginning January 1, 2025, require a public employer that contributed to certain employee medical plans to pay no more than specified amounts for the annual costs, rates, and reimbursement of copays, deductibles, or payments into health savings accounts, flexible spending accounts, among other things.
-- Allow a public employer to allocate its payments for medical benefit plan costs among its employees and elected officials as the employer saw fit.
-- By April 1, 2025, and each following year, require the State Treasurer to adjust the maximum employer payments for single-person and family coverage for medical benefit plans for the succeeding year based on any changes in the in the medical care component of the average Michigan health insurance rates or by 3%, whichever was greater.
-- Prescribe the rate at which the State Treasurer would have to adjust individual-and-spouse or individual-and-plus-one coverage.
-- Specify that the maximum payments would not apply to an employee covered by a collective bargaining agreement or other contract that was inconsistent with the bill's provisions until the agreement or contract was amended.
-- Beginning January 1, 2025, require a public employer to pay at least 80% of the total costs of all medical benefit plans it offered or contributed to for its employees and elected public officials.
-- Specify that the 80% requirement would not apply to an employee covered by a collective bargaining agreement or contract until the stated expiration date of that agreement or contract.
-- Prohibit a collective bargaining agreement or contract executed after January 1, 2025, from including terms that were inconsistent with the maximum payments required under the bill.

MCL 15.563 et al. Legislative Analyst: Eleni Lionas

**FISCAL IMPACT**

This bill would increase public employer contribution caps and mandate an 80% contribution floor. If the public employer contributions were already at the 80% level, then there would be no fiscal impact. If the public employer contributions were below the 80% cap, when the cap was changed to a floor, they would have to increase their spending to reach the 80% minimum requirement. Additionally, if a public employer were at or below 80% currently but would like to increase above 80%, the bill would allow the employer to do so. The bill would set these levels at $8,259 for single-person coverage, $17,271 for individual-and-spouse or individual-plus-one-non-spouse-dependent, and $22,523 for family coverage. The bill also would adjust these amounts for future years.

Based on Fiscal Year 2025-26 estimates, the State's 80% portion of payments for insurance premiums for State civil service classified employees will total $922.9 million. Thus, if the State chose to increase its payment above the current 80% level, the estimated cost would be $11.5 million Gross, $6.0 million General Fund/General Purpose for each percentage point increase in the rate paid.

Total costs for local units is unavailable; however, there is an increase in the new hard cap floor of 7%. If an employer were not funding at the new floor level of 80%, its costs would increase by more. The bill would allow employers to fund greater than 80% and if they chose to, this would increase their costs by more than 7%.

Date Completed: 9-4-25 Fiscal Analyst: Bobby Canell
Joe Carrasco, Jr.

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