

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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House Bill 4901 (Substitute S-1 as passed by the Senate)

Sponsor: Representative Mary C. Brown

House Committee: Insurance

Senate Committee: Commerce and Technology

Date Completed: 6-7-90

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RATIONALE

Public Act 156 of 1851, which defines the powers and duties of county boards of commissioners, permits a board to provide group life, health, and accident and hospitalization insurance for county employees and their dependents and retired employees. Some counties provide these kinds of benefits by self-insuring rather than by purchasing coverage from an insurance company. In 1947, however, the Attorney General opined that county boards are not permitted to provide group disability coverage through self-insurance (Opinion No. 592). There are no such restrictions on any other governmental entity, according to the Insurance Bureau, and many governmental units of various kinds self-insure to provide this coverage. (A 1981 Attorney General's opinion (Opinion No. 5848) said, in fact, that the School Code authorizes school districts to provide disability benefits on a self-insured basis.) Because some counties are already engaging in the practice of self-insurance, apparently unaware of the 43-year-old opinion, and other counties reportedly want to follow suit without violating the law, it has been suggested that counties be permitted by statute to provide group disability coverage through self-insurance.

CONTENT

The bill would amend Public Act 156 of 1851 to permit a county with at least 100 employees to self-insure in order to provide health, accident, and hospitalization and group disability insurance.

MCL 46.12a

SENATE COMMITTEE ACTION

The Senate Committee adopted a substitute that incorporated changes made to Public Act 156 by Public Act 70 of 1990 concerning retirement and pension benefits. The version of House Bill 4901 that was passed by the House did not include the 1990 amendatory language.

FISCAL IMPACT

The bill would have no fiscal impact on State government and an indeterminate impact on local government. There could be savings and/or costs for counties that exercised their option to self-insure for group disability.

ARGUMENTS**Supporting Argument**

The bill would put in statute what apparently is a common practice: the provision by counties of group disability coverage to employees, their dependents, and retirees, on a self-insured basis. A 1947 Attorney General's opinion said such a practice was not authorized. Apparently, no other kind of governmental body is restricted by law or opinion from providing benefits through self-insurance, and it has become an increasingly common practice. The bill would treat counties as other units of government are treated.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

H.B. 4901 (6-7-90)