



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



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 400 (as introduced 6-1-11)
Sponsor: Senator Phil Pavlov
Committee: Education

Date Completed: 6-1-11

CONTENT

The bill would amend the Revised School Code to require the board of a school district to be the policyholder for an employee group insurance benefit, if the district provided such a benefit.

Specifically, if the board of a school district or intermediate school district (ISD), or the board of directors of a public school academy (PSA) provided an employee group insurance benefit for its employees and their dependents, the board or board of directors would have to ensure that the contract provided that it was the policyholder for the employee group insurance benefit.

If a contract providing an employee group insurance benefit were in effect for employees of a school district, ISD, or PSA as of the bill's effective date, and if that contract did not comply with the proposed requirement, the requirement would not apply until the contract expired.

Proposed MCL 380.1255a

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on the State.

If the enactment of the bill were to result in a district having more (or complete) access to its own employees' health care claims data, it is possible that the district could engage in a more informed competitive bidding process when purchasing health insurance. However, whether this additional information would lead to increased savings or costs is indeterminate.

It is possible that "healthy" districts with relatively low health care claims could secure lower-cost health care coverage once those districts had access to the claims data, but it is also possible that less healthy districts could end up paying more as the healthier districts changed insurers and left group pooling. However, either of these possibilities is simply conjecture, since it is unknown how each district would fare when seeking bids for health insurance, given the additional claims data that could become available if every district providing an employee group insurance benefit were the policyholder, as the legislation would require.

Fiscal Analyst: Kathryn Summers

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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.