

# HOUSE BILL NO. 5956

July 22, 2020, Introduced by Reps. Manoogian, Camilleri, Brixie, Peterson, Sowerby, Sabo, Tyrone Carter, Hood, Pohutsky, Kennedy, Hope, Chirkun, Shannon, Anthony, Stone, Brenda Carter, Clemente, Lasinski, Greig, Hertel, Bolden, Pagan, Guerra, Yancey, Gay-Dagnogo and Koleszar and referred to the Committee on Education.

A bill to amend 2011 PA 152, entitled "Publicly funded health insurance contribution act," by amending the title and sections 2, 3, and 4 (MCL 15.562, 15.563, and 15.564), section 2 as amended by 2013 PA 269, section 3 as amended by 2018 PA 477, and section 4 as amended by 2013 PA 271.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 TITLE
- 2 An act to ~~limit~~**regulate** a public employer's expenditures for
- 3 employee medical benefit plans; to provide the power and duties of



1 certain state agencies and officials; to provide for exceptions;  
2 and to provide for sanctions.

3 Sec. 2. As used in this act:

4 (a) "Designated state official" means:

5 (i) For an election affecting employees and officers in the  
6 judicial branch of state government, the state court administrator.

7 (ii) For an election affecting senate employees and officers,  
8 the secretary of the senate.

9 (iii) For an election affecting house of representatives  
10 employees and officers, the clerk of the house.

11 (iv) For an election affecting legislative council employees,  
12 the legislative council.

13 (v) For an election affecting employees in the state  
14 classified service, the civil service commission.

15 (vi) For an election affecting executive branch employees who  
16 are not in the state classified service, the state employer.

17 (b) "Flexible spending account" means a medical expense  
18 flexible spending account in conjunction with a cafeteria plan as  
19 permitted under the federal internal revenue code of 1986.

20 (c) "Health savings account" means an account as permitted  
21 under section 223 of the internal revenue code of 1986, 26 USC 223.

22 (d) "Local unit of government" means a city, village,  
23 township, or county, a municipal electric utility system as defined  
24 in section 4 of the Michigan energy employment act of 1976, 1976 PA  
25 448, MCL 460.804, an authority created under chapter VIA of the  
26 aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.108  
27 to 259.125c, or an authority created under 1939 PA 147, MCL 119.51  
28 to 119.62.

29 (e) "Medical benefit plan" means a plan established and



1 maintained by a carrier, a voluntary employees' beneficiary  
 2 association described in section 501(c)(9) of the internal revenue  
 3 code of 1986, 26 USC 501, or by 1 or more public employers, that  
 4 provides for the payment of medical benefits, including, but not  
 5 limited to, hospital and physician services, prescription drugs,  
 6 and related benefits, for public employees or elected public  
 7 officials. Medical benefit plan does not include benefits provided  
 8 to individuals retired from a public employer or a public  
 9 employer's contributions to a fund used for the sole purpose of  
 10 funding health care benefits that are available to a public  
 11 employee or an elected public official only upon retirement or  
 12 separation from service.

13 (f) "Medical benefit plan costs" does not include a payment by  
 14 the public employer to an employee or elected public official in  
 15 lieu of medical benefit plan coverage and, for a medical benefit  
 16 plan coverage year beginning after ~~the later of~~ January 1, 2014, ~~or~~  
 17 ~~the effective date of the amendatory act that added this~~  
 18 ~~subdivision,~~ includes, but is not limited to, all of the following:

19 (i) Any amount that the public employer pays directly or  
 20 indirectly for the assessment levied pursuant to ~~the health~~  
 21 ~~insurance claims assessment act, former~~ 2011 PA 142, ~~MCL 550.1731~~  
 22 ~~to 550.1741.~~ **or the assessment levied pursuant to the insurance**  
 23 **provider assessment act, 2018 PA 175, MCL 550.1751 to 550.1767.**

24 (ii) Insurance agent or company commissions.

25 (iii) Any additional amount the public employer is required to  
 26 pay as a fee or tax under the patient protection and affordable  
 27 care act, Public Law 111-148, as amended by the federal health care  
 28 and education reconciliation act of 2010, Public Law 111-152.

29 (g) "Medical benefit plan coverage year" means the 12-month



1 period after the effective date of the contractual or self-insured  
 2 medical coverage plan that a public employer provides to its  
 3 employees or public officials.

4 (h) "Public employer" means this state; a local unit of  
 5 government or other political subdivision of this state; any  
 6 intergovernmental, metropolitan, or local department, agency, or  
 7 authority, or other local political subdivision; a ~~school district,~~  
 8 ~~a public school academy, or an intermediate school district, as~~  
 9 ~~those terms are defined in sections 4 to 6 of the revised school~~  
 10 ~~code, 1976 PA 451, MCL 380.4 to 380.6;~~ **public school employer;** a  
 11 community college or junior college described in section 7 of  
 12 article VIII of the state constitution of 1963; or an institution  
 13 of higher education described in section 4 of article VIII of the  
 14 state constitution of 1963.

15 (i) **"Public school employer" means a school district, public**  
 16 **school academy, or intermediate school district, as those terms are**  
 17 **defined in sections 4 to 6 of the revised school code, 1976 PA 451,**  
 18 **MCL 380.4 to 380.6.**

19 Sec. 3. (1) Except as otherwise provided in this act **and**  
 20 **subject to subsection (4),** a public employer that offers or  
 21 contributes to a medical benefit plan for its employees or elected  
 22 public officials shall pay no more of the annual costs or  
 23 illustrative rate and any payments for reimbursement of co-pays,  
 24 deductibles, or payments into health savings accounts, flexible  
 25 spending accounts, or similar accounts used for health care costs,  
 26 than a total amount equal to \$5,500.00 times the number of  
 27 employees and elected public officials with single-person coverage,  
 28 \$11,000.00 times the number of employees and elected public  
 29 officials with individual-and-spouse coverage or individual-plus-1-



1 nonspouse-dependent coverage, plus \$15,000.00 times the number of  
2 employees and elected public officials with family coverage, for a  
3 medical benefit plan coverage year beginning on or after January 1,  
4 2012. A public employer may allocate its payments for medical  
5 benefit plan costs among its employees and elected public officials  
6 as it sees fit. By October 1 of each year after 2011 and before  
7 2019, the state treasurer shall adjust the maximum payment  
8 permitted under this subsection for each coverage category for  
9 medical benefit plan coverage years beginning the succeeding  
10 calendar year, based on the change in the medical care component of  
11 the United States Consumer Price Index for the most recent 12-month  
12 period for which data are available from the United States  
13 Department of Labor, Bureau of Labor Statistics. By April 1 of each  
14 year after 2018, the state treasurer shall adjust the maximum  
15 payment permitted under this subsection for each coverage category  
16 for medical benefit plan coverage years beginning the succeeding  
17 calendar year, based on the change in the medical care component of  
18 the United States Consumer Price Index for the most recent 12-month  
19 period for which data are available from the United States  
20 Department of Labor, Bureau of Labor Statistics.

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

28 (3) For purposes of calculating a public employer's maximum  
29 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) Beginning December 14, 2020, a public school employer**  
 5 **shall not comply with this section if doing so would result in a**  
 6 **violation of section 4.**

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

14 (2) For medical benefit plan coverage years beginning on or  
 15 after January 1, 2012, a public employer shall pay not more than  
 16 80% of the total annual costs of all of the medical benefit plans  
 17 it offers or contributes to for its employees and elected public  
 18 officials. For purposes of this subsection, total annual costs  
 19 ~~includes~~**include** the premium or illustrative rate of the medical  
 20 benefit plan and all employer payments for reimbursement of co-  
 21 pays, deductibles, and payments into health savings accounts,  
 22 flexible spending accounts, or similar accounts used for health  
 23 care but ~~does~~**do** not include beneficiary-paid copayments,  
 24 coinsurance, deductibles, other out-of-pocket expenses, other  
 25 service-related fees that are assessed to the coverage beneficiary,  
 26 or beneficiary payments into health savings accounts, flexible  
 27 spending accounts, or similar accounts used for health care. For  
 28 purposes of this section, each elected public official who  
 29 participates in a medical benefit plan offered by a public employer



1 shall be required to pay 20% or more of the total annual costs of  
2 that plan. The public employer may allocate the employees' share of  
3 total annual costs of the medical benefit plans among the employees  
4 of the public employer as it sees fit.

5       (3) For medical benefit plan coverage years that begin after  
6 December 13, 2020, a public school employer shall pay at least 90%  
7 of the total annual costs of all of the medical benefit plans it  
8 offers or contributes to for its employees and elected public  
9 officials. For purposes of this subsection, total annual costs  
10 include the premium or illustrative rate of the medical benefit  
11 plan and all employer payments for reimbursement of co-pays,  
12 deductibles, and payments into health savings accounts, flexible  
13 spending accounts, or similar accounts used for health care but do  
14 not include beneficiary-paid copayments, coinsurance, deductibles,  
15 other out-of-pocket expenses, other service-related fees that are  
16 assessed to the coverage beneficiary, or beneficiary payments into  
17 health savings accounts, flexible spending accounts, or similar  
18 accounts used for health care. For purposes of this subsection,  
19 each elected public official who participates in a medical benefit  
20 plan offered by a public school employer shall be required to pay  
21 not more than 10% of the total annual costs of that plan. The  
22 public school employer may allocate the employees' share of total  
23 annual costs of the medical benefit plans among the employees of  
24 the public school employer as it sees fit.

