

SUBSTITUTE FOR
SENATE BILL NO. 1130

A bill to amend 2011 PA 152, entitled
"Publicly funded health insurance contribution act,"
by amending the title and section 3 (MCL 15.563), section 3 as
amended by 2018 PA 477, and by adding section 3a.

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
4 certain state agencies and ~~officials;~~**local governmental officers**
5 **and entities**; to provide for exceptions; and to provide for
6 sanctions.

7 Sec. 3. (1) Except as otherwise provided in this act **and**
8 **subject to sections 3a and 4a**, a public employer that offers or

1 contributes to a medical benefit plan for its employees or elected
2 public officials shall pay no more of the annual costs or
3 illustrative rate and any payments for reimbursement of co-pays,
4 deductibles, or payments into health savings accounts, flexible
5 spending accounts, or similar accounts used for health care costs,
6 than a total amount equal to \$5,500.00 times the number of
7 employees and elected public officials with single-person coverage,
8 \$11,000.00 times the number of employees and elected public
9 officials with individual-and-spouse coverage or individual-plus-1-
10 nonspouse-dependent coverage, plus \$15,000.00 times the number of
11 employees and elected public officials with family coverage, for a
12 medical benefit plan coverage year beginning on or after January 1,
13 2012. A public employer may allocate its payments for medical
14 benefit plan costs among its employees and elected public officials
15 as it sees fit. By October 1 of each year after 2011 and before
16 2019, the state treasurer shall adjust the maximum payment
17 permitted under this subsection for each coverage category for
18 medical benefit plan coverage years beginning the succeeding
19 calendar year, based on the change in the medical care component of
20 the United States Consumer Price Index for the most recent 12-month
21 period for which data are available from the United States
22 Department of Labor, Bureau of Labor Statistics. By April 1 of each
23 year after 2018, the state treasurer shall adjust the maximum
24 payment permitted under this subsection for each coverage category
25 for medical benefit plan coverage years beginning the succeeding
26 calendar year, based on the change in the medical care component of
27 the United States Consumer Price Index for the most recent 12-month
28 period for which data are available from the United States
29 Department of Labor, Bureau of Labor Statistics.

1 (2) For a medical benefit plan coverage year beginning January
2 1, 2014 through December 31, 2014, the multiplier used to calculate
3 the maximum public employer payment under subsection (1) is
4 \$12,250.00 for employees and elected public officials with
5 individual-and-spouse coverage or individual-plus-1-nonspouse-
6 dependent coverage. The state treasurer shall adjust the multiplier
7 each year as provided in subsection (1).

8 (3) For purposes of calculating a public employer's maximum
9 total annual medical benefit plan costs under subsection (1) **or**
10 **section 3a**, "employee or elected public official" does not include
11 an employee or elected public official who declines the medical
12 benefit plan offered or contributed to by the public employer.

13 **Sec. 3a. (1) Beginning January 1, 2025, a public employer that**
14 **offers or contributes to a medical benefit plan, excluding any**
15 **offers of medical benefit plan based on the patient protection and**
16 **affordable care act, Public Law 111-148, as amended by the health**
17 **care and education reconciliation act of 2010, Public Law 111-152,**
18 **or other federal or state sponsored plan, for its employees or**
19 **elected public officials shall pay not more than the following**
20 **amounts for the annual costs or illustrative rate and any payments**
21 **for reimbursement of co-pays, deductibles, or payments into health**
22 **savings accounts, flexible spending accounts, or similar accounts**
23 **used for health care costs for a medical benefit plan coverage**
24 **year:**

25 (a) \$8,258.54 times the number of employees and elected public
26 officials with single-person coverage.

27 (b) \$17,271.17 times the number of employees and elected
28 public officials with individual-and-spouse coverage or individual-
29 plus-1-nonspouse-dependent coverage.

1 (c) \$22,523.34 times the number of employees and elected
2 public officials with family coverage.

3 (2) A public employer may allocate its payments for medical
4 benefit plan costs among its employees and elected public officials
5 as it sees fit. By April 1 of each year after 2024, the state
6 treasurer shall adjust the maximum payment under this section for
7 single-person coverage and family coverage for medical benefit plan
8 coverage years beginning the succeeding calendar year, based on any
9 change in the average of the Michigan health insurance rates, as
10 approved by the department of insurance and financial services, or
11 by 3%, whichever is greater. The adjustment for individual-and-
12 spouse coverage or individual-plus-1-nonspouse-dependent coverage
13 is as follows for the following medical benefit plan coverage year:

14 (a) January 1, 2026 to December 31, 2026, 2.2 times the amount
15 of single-person coverage.

16 (b) January 1, 2027 to December 31, 2027, 2.3 times the amount
17 of single-person coverage.

18 (c) On and after January 1, 2028, 2.4 times the amount of
19 single-person coverage.

20 (3) If a collective bargaining agreement or other contract
21 that is inconsistent with this section is in effect for 1 or more
22 employees of a public employer on the effective date of the
23 amendatory act that added this section, the requirements of this
24 section do not apply to an employee covered by that contract until
25 the collective bargaining agreement or other contract is amended. A
26 public employer's expenditures for medical benefit plans under a
27 collective bargaining agreement or other contract described in this
28 section must be excluded from calculation of the public employer's
29 payment under section 4a. This section applies to a public employer

1 **that did not elect to comply with section 4.**

2 Enacting section 1. This amendatory act does not take effect
3 unless Senate Bill No. 1129 of the 102nd Legislature is enacted
4 into law.