

SUBSTITUTE FOR
HOUSE BILL NO. 6058

A bill to amend 2011 PA 152, entitled
"Publicly funded health insurance contribution act,"
by amending the title and sections 3, 4, and 5 (MCL 15.563, 15.564,
and 15.565), section 3 as amended by 2018 PA 477, section 4 as
amended by 2013 PA 271, and section 5 as amended by 2013 PA 272,
and by adding sections 3a and 4a.

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.

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

1 period for which data are available from the United States
2 Department of Labor, Bureau of Labor Statistics.

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

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

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

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

29 (b) \$17,271.17 times the number of employees and elected

1 public officials with individual-and-spouse coverage or individual-
2 plus-1-nonspouse-dependent coverage.

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

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

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

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

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

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

1 collective bargaining agreement or other contract described in this
 2 section must be excluded from calculation of the public employer's
 3 payment under section 4a. This section applies to a public employer
 4 that did not elect to comply with section 4.

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

12 (2) ~~For~~ **Subject to sections 3a and 4a, for** medical benefit
 13 plan coverage years beginning on or after January 1, 2012, a public
 14 employer shall pay not more than 80% of the total annual costs of
 15 all of the medical benefit plans it offers or contributes to for
 16 its employees and elected public officials. For purposes of this
 17 subsection **and section 4a,** total annual costs ~~includes~~ **include** the
 18 premium or illustrative rate of the medical benefit plan and all
 19 employer payments for reimbursement of co-pays, deductibles, and
 20 payments into health savings accounts, flexible spending accounts,
 21 or similar accounts used for health care but ~~does~~ **do** not include
 22 beneficiary-paid copayments, coinsurance, deductibles, other out-
 23 of-pocket expenses, other service-related fees that are assessed to
 24 the coverage beneficiary, or beneficiary payments into health
 25 savings accounts, flexible spending accounts, or similar accounts
 26 used for health care, **any offers of medical benefit plans for**
 27 **employees based on the patient protection and affordable care act,**
 28 **Public Law 111-148, as amended by the health care and education**
 29 **reconciliation act of 2010, Public Law 111-152, other federal or**

1 **state sponsored plan, or any federal or state taxes.** For purposes
2 of this section, each elected public official who participates in a
3 medical benefit plan offered by a public employer ~~shall be~~ **is**
4 required to pay 20% or more of the total annual costs of that plan.
5 The public employer may allocate the employees' share of total
6 annual costs of the medical benefit plans among the employees of
7 the public employer as it sees fit.

8 **Sec. 4a. (1) Beginning January 1, 2025, a public employer**
9 **shall pay not less than 80% of the total annual costs of all of the**
10 **medical benefit plans it offers or contributes to for its employees**
11 **and elected public officials.**

12 **(2) If a collective bargaining agreement or other contract**
13 **that is inconsistent with this section is in effect for 1 or more**
14 **employees of a public employer on the effective date of the**
15 **amendatory act that added this section, the requirements of this**
16 **section do not apply to an employee covered by that contract until**
17 **the stated expiration date of the contract or the date the contract**
18 **is extended or renewed. A public employer's expenditures for**
19 **medical benefit plans under a collective bargaining agreement or**
20 **other contract described in this subsection must be excluded from**
21 **calculation of the public employer's payment under this section.**

22 **Sec. 5. (1) ~~If~~ Except as otherwise provided in subsection (3),**
23 **a collective bargaining agreement or other contract that is**
24 **inconsistent with sections 3 and 4 is in effect for 1 or more**
25 **employees of a public employer on September 27, 2011, the**
26 **requirements of section 3 or 4 do not apply to an employee covered**
27 **by that contract until the contract expires. A public employer's**
28 **expenditures for medical benefit plans under a collective**
29 **bargaining agreement or other contract described in this subsection**

1 ~~shall~~**must** be excluded from calculation of the public employer's
2 maximum payment under section 4. The requirements of sections 3 and
3 4 apply to any extension or renewal of the contract.

4 (2) A~~Except as otherwise provided in sections 3a(3) and~~
5 **4a(2), a** collective bargaining agreement or other contract that is
6 executed on or after September 27, 2011 ~~shall~~**must** not include
7 terms that are inconsistent with the requirements of sections 3 and
8 4.

9 (3) **A collective bargaining agreement or other contract that**
10 **is executed on or after January 1, 2025 must not include terms that**
11 **are inconsistent with the requirements of section 4a.**