

# Legislative Analysis

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## **PUBLIC EMPLOYEE HEALTH BENEFIT CAP ACT**

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### **House Bill 4809**

**Sponsor: Rep. Lorence Wenke**

**Committee: Oversight and Investigations**

**Complete to 5-23-07**

### **A SUMMARY OF HOUSE BILL 4809 AS INTRODUCED 5-17-07**

The bill would create the "Public Employee Health Benefit Cap Act," which would prohibit a public employer from offering a health benefit plan to an employee "if the cost of the benefit plan exceeds the cost of the most expensive benefit plan covering the same type of benefits that is offered to a nonexclusively represented employee in the classified state civil service."

"Health benefit plan" would mean a plan providing medical, optical, or dental benefits to any employee or group of employees or their dependents.

"Public employer" would mean:

- A city, village, township or other political subdivision of the state.
- Any intergovernmental, metropolitan, or local department, agency, or authority, or other local political subdivision.
- A community college or junior college described in Article VIII, Section 7 of the Michigan Constitution of 1963.
- A public university if it elects to be covered.
- The State of Michigan as to noncivil service employees.
- The Civil Service Commission if it elects to be covered.

### **FISCAL IMPACT:**

The fiscal impact is indeterminate.

### **BACKGROUND INFORMATION:**

Nonexclusively represented employees (NEREs). Over 70 percent of State classified civil service employees are covered by a collective bargaining system and are represented by unions. The remaining State classified civil service employees who occupy supervisory, managerial, and confidential positions are not eligible for exclusive representation by unions (although they may join limited recognition unions). These nonexclusively represented employees (NEREs) have their terms and conditions of employment determined through a process administered by the Civil Service Employee Relations Board. The Employee Relations Board serves as a Coordinated Compensation Panel. This Panel recommends a Coordinated Compensation Plan for NEREs to the Civil

Service Commission on an annual basis. The Coordinated Compensation Plan and the collective bargaining agreements entered into with exclusively represented employees are subject to the review, modification, and approval by the Civil Service Commission.

State Health Plan Costs. NEREs are currently covered by their choice of the same State Health Plan covering other classified civil service employees or an HMO, depending on their county of residence. Plan booklets and charts showing the biweekly cost to the employer and the employee can be found on the Michigan Department of Civil Service Website. Although the biweekly costs to the employer and employee are set forth on these charts, the State Health Plan is self-funded and so the actual cost to the State of Michigan of the plan may vary based on claims history in a given year.

A 2006-2007 rate chart for active employees can be found at:  
[http://www.michigan.gov/mdcs/0,1607,7-147-22854\\_6649\\_37519---,00.html](http://www.michigan.gov/mdcs/0,1607,7-147-22854_6649_37519---,00.html).

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