

HOUSE BILL No. 5924

September 21, 2016, Introduced by Rep. Lucido and referred to the Committee on Appropriations.

A bill to amend 2011 PA 152, entitled "Publicly funded health insurance contribution act," by amending sections 2, 4, 5, and 7 (MCL 15.562, 15.564, 15.565, and 15.567), section 2 as amended by 2013 PA 269, section 4 as amended by 2013 PA 271, and section 5 as amended by 2013 PA 272; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 ~~—— (a) "Designated state official" means:~~

3 ~~—— (i) For an election affecting employees and officers in the~~
4 ~~judicial branch of state government, the state court administrator.~~

5 ~~—— (ii) For an election affecting senate employees and officers,~~
6 ~~the secretary of the senate.~~

7 ~~—— (iii) For an election affecting house of representatives~~

~~employees and officers, the clerk of the house.~~

~~—— (iv) For an election affecting legislative council employees,
the legislative council.~~

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

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

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

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

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

(D) ~~(e)~~ "Medical benefit plan" means a plan established and
maintained by a carrier, a voluntary employees' beneficiary
association described in section 501(c)(9) of the internal revenue
code of 1986, 26 USC 501, or by 1 or more public employers, that
provides for the payment of medical benefits, including, but not
limited to, hospital and physician services, prescription drugs,
and related benefits, for public employees or elected public
officials. Medical benefit plan does not include benefits provided

1 to individuals retired from a public employer or a public
2 employer's contributions to a fund used for the sole purpose of
3 funding health care benefits that are available to a public
4 employee or an elected public official only upon retirement or
5 separation from service.

6 (E) ~~(f)~~—"Medical benefit plan costs" does not include a
7 payment by the public employer to an employee or elected public
8 official in lieu of medical benefit plan coverage and, for a
9 medical benefit plan coverage year beginning after ~~the later of~~
10 January 1, 2014, ~~or the effective date of the amendatory act that~~
11 ~~added this subdivision,~~ includes, but is not limited to, all of the
12 following:

13 (i) Any amount that the public employer pays directly or
14 indirectly for the assessment levied pursuant to the health
15 insurance claims assessment act, 2011 PA 142, MCL 550.1731 to
16 550.1741.

17 (ii) Insurance agent or company commissions.

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

22 (F) ~~(g)~~—"Medical benefit plan coverage year" means the 12-
23 month period after the effective date of the contractual or self-
24 insured medical coverage plan that a public employer provides to
25 its employees or public officials.

26 (G) ~~(h)~~—"Public employer" means this state; a local unit of
27 government or other political subdivision of this state; any

1 intergovernmental, metropolitan, or local department, agency, or
2 authority, or other local political subdivision; a school district,
3 a public school academy, or an intermediate school district, as
4 those terms are defined in sections 4 to 6 of the revised school
5 code, 1976 PA 451, MCL 380.4 to 380.6; a community college or
6 junior college described in section 7 of article VIII of the state
7 constitution of 1963; or an institution of higher education
8 described in section 4 of article VIII of the state constitution of
9 1963.

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

17 ~~—— (2) For~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, FOR** medical
18 benefit plan coverage years beginning on or after ~~January 1, 2012,~~
19 **MARCH 1, 2017,** a public employer shall pay not more than 80% of the
20 total annual costs of all of the medical benefit plans it offers or
21 contributes to for its employees and elected public officials. For
22 purposes of this subsection, total annual costs includes the
23 premium or illustrative rate of the medical benefit plan and all
24 employer payments for reimbursement of co-pays, deductibles, and
25 payments into health savings accounts, flexible spending accounts,
26 or similar accounts used for health care but does not include
27 beneficiary-paid copayments, coinsurance, deductibles, other out-

1 of-pocket expenses, other service-related fees that are assessed to
 2 the coverage beneficiary, or beneficiary payments into health
 3 savings accounts, flexible spending accounts, or similar accounts
 4 used for health care. For purposes of this section, each elected
 5 public official who participates in a medical benefit plan offered
 6 by a public employer shall be required to pay 20% or more of the
 7 total annual costs of that plan. The public employer may allocate
 8 the employees' share of total annual costs of the medical benefit
 9 plans among the employees of the public employer as it sees fit.

10 Sec. 5. (1) If a collective bargaining agreement or other
 11 contract that is inconsistent with ~~sections 3 and~~ **SECTION 4** is in
 12 effect for 1 or more employees of a public employer on ~~September~~
 13 ~~27, 2011, the requirements of section 3 or 4 do~~ **MARCH 1, 2017,**
 14 **SECTION 4 DOES** not apply to an employee covered by that contract
 15 until the contract expires. A public employer's expenditures for
 16 medical benefit plans under a collective bargaining agreement or
 17 other contract described in this subsection ~~shall be~~ **IS** excluded
 18 from calculation of the public employer's maximum payment under
 19 section 4. ~~The requirements of sections 3 and 4 apply~~ **SECTION 4**
 20 **APPLIES** to any extension or renewal of the contract.

21 (2) A collective bargaining agreement or other contract that
 22 is executed on or after ~~September 27, 2011~~ **MARCH 1, 2017** shall not
 23 include terms that are inconsistent with ~~the requirements of~~
 24 ~~sections 3 and 4.~~ **SECTION 4.**

25 Sec. 7. ~~(1) The requirements of this act apply~~ **THIS ACT**
 26 **APPLIES** to medical benefit plans of all public employees and
 27 elected public officials to the greatest extent consistent with

1 constitutionally allocated powers, whether or not a public employee
2 is a member of a collective bargaining unit.

3 ~~—— (2) If a court finds the requirements of section 3 to be~~
4 ~~invalid, the expenditure limit in section 4 shall apply to a public~~
5 ~~employer that does not exempt itself under section 8, except that~~
6 ~~the requirement for a majority vote of the governing body of the~~
7 ~~public employer in section 4 shall not apply. If a court finds~~
8 ~~section 4 to be invalid, the expenditure limit in section 3 shall~~
9 ~~apply to each public employer that does not exempt itself under~~
10 ~~section 8.~~

11 Enacting section 1. Section 3 of the publicly funded health
12 insurance contribution act, 2011 PA 152, MCL 15.563, is repealed.

13 Enacting section 2. This amendatory act takes effect March 1,
14 2017.