



Governor Signs Publicly Funded Health Insurance Contribution Act

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Governor Snyder has signed into law the "Publicly Funded Health Insurance Contribution Act." This Act requires that all public employees pay a certain percentage of the overall cost of purchasing health insurance.

The bill would require that public employers who offer medical benefit plans to their employees or elected officials will be subject to maximum spending limits for their employee's health insurance. Public employers will be limited to paying either a maximum "hard cap" on premium contributions, or paying no more than 80.0% of the total annual costs of all the medical benefit plans they offer to employees and elected officials.

The bill defines "costs" and "total costs" of a medical benefit plan so as not include copayments, coinsurance, deductibles, other out-of-pocket expenses, or other service-related fees assessed to the covered beneficiary.

By a 2/3 vote of its governing body each year, a local unit of government may exempt itself from the spending limitations of this new law. However, this exemption is not available for school districts.

Financial penalties included in the Act include the loss of state aid for failure to comply.

The Act takes effect January 1, 2012. Labor contracts in place as of that date do not need to be amended. Contracts negotiated between September 15 of this year and January 1, 2012 must adhere to the new law.