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SFA**BILL ANALYSIS**

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Senate Bill 151 (as introduced 1-27-99)
Sponsor: Senator Ken Sikkema
Committee: Health Policy

Date Completed: 3-16-99

CONTENT

The bill would amend Public Act 35 of 1951, which authorizes intergovernmental contracts between municipal corporations and allows the formation of municipal self-insurance pools, to permit two or more municipal corporations to form a group self-insurance pool for hospital, medical, surgical, or dental coverage; and require such a pool to have an aggregate excess insurance coverage or unimpaired surplus of at least \$7.5 million.

Currently, under the Act, two or more municipal corporations, by intergovernmental contract, may form a group self-insurance pool to provide participating municipal corporations with risk management and coverage for pool members and employees. Group self-insurance pools may include casualty insurance, property insurance, automobile insurance including motor vehicle liability, surety and fidelity insurance, and umbrella and excess insurance. Currently, the Act prohibits a group self-insurance pool from providing coverage for hospital, medical, surgical, or dental benefits to the employees of member municipalities (except in regard to automobile insurance coverage). The bill would eliminate this prohibition.

Currently, for a group self-insurance pool allowed under the Act, \$5 million must be maintained with the State Treasurer in aggregate excess insurance coverage and/or deposited unimpaired surplus, to be used in the event that the pool's resources are exhausted. The bill provides, however, that a group self-insurance pool that provided for hospital, medical, surgical, or dental coverage would have to have aggregate excess insurance coverage and/or a deposit of unimpaired surplus with the State Treasurer of at least \$7.5 million.

Under the Act, a municipal corporation includes any county, county road commission, township, village, school district, community college district, metropolitan district, court district, public authority, drainage district, or any local governmental authority or agency with the power to enter into contracts.

MCL 124.5 et al.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State government. The bill could provide some administrative savings for local governments.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.