



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL  ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1046 (as introduced 12-18-09)
Sponsor: Senator Mark C. Jansen
Committee: Reforms and Restructuring

Date Completed: 2-2-10

CONTENT

Senate Bill 1046 would create the "Publicly Funded Health Insurance Contribution Act" to require that all public employees pay a certain percentage of the overall cost of purchasing health insurance. The bill would require that public employers pay not more than 80.0% of the premium costs of health insurance plans. The health insurance premium paid by the employer could not exceed 85.0% of the total cost for a health insurance plan that included both wellness incentives for healthy living and a health savings account. Public employees would be defined as employees of the State; a county, township, village, city, or a school district; an authority; a public institution of higher education; or any other entity jointly created by two or more public employees. The limitation on the employer share of a health insurance to be paid would apply to medical, dental, or optical benefits offered to public employees.

The bill further states that if the requirements limiting the amount of employer-paid health insurance benefits were inconsistent with a collective bargaining agreement currently in effect, the requirements of the bill would not take effect until the collective bargaining agreement expired.

FISCAL IMPACT

The passage of Senate Bill 1046 would result in approximately \$82.0 million of savings in the cost of health insurance provided to State employees during FY 2010-11. This assumes the employer-share of health insurance cost would be capped at 80.0% of premiums as opposed to the 90.0% of premiums currently paid by the employer. Comprehensive data do not exist to accurately calculate the potential savings to local government, school districts, and public higher education employer from this bill. If one assumes the same level of savings for other public sector employees in Michigan as with State employees, the approximate savings would equal \$543.0 million. The total projected annual savings for all public sector employers from this bill would be approximately \$625.0 million.

Fiscal Analyst: Gary S. Olson

S0910\sb1046sa

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.