



MEMORANDUM

CITY COUNCIL WORKSHOP

June 5, 2023 at 7:00 PM

TO: Rich LaBombard, City Manager

FROM: Matt Smith, Treasurer

DATE: May 25, 2023

SUBJECT: Employee Health Insurance – PA 152 Option Selection
Resolution 15-2023

As an employer of 18 full-time employees, the City of the Village of Douglas currently provides employees with health and dental benefits through Lighthouse Group.

As the City considers healthcare coverage for its employees, it must also balance the financial benefits and constraints to the City, the benefit needs of the employees, and regulatory requirements such as Public Act 152.

In 2011 the State Legislature passed Public Act 152 which limits the amount a public employer can contribute towards employee health care. The Act limits local units of government to three options:

- 1) paying for 80 percent of employee health insurance
- 2) a hard cap-based amount, or
- 3) to exempt itself (opt-out) from these requirements and determine on its own the appropriate amount to contribute.

Annually the City must select one of these options. The option selected is valid for one year. The City has historically elected the opt-out option.

We also discussed the fluidity of the hard cap option. During the budget workshop preliminary numbers were presented, which showed the City was projected to be \$410 under the hard cap. Tonight, based on the direction received from Council during the budget workshop and other updated information the City is projected to be \$13,387 under the hard cap.

I recommend the City Council adopt by a 2/3rd majority (5 of 7) resolution 15-2023 and exempt the City from the requirements of PA 152.

**CITY OF THE VILLAGE OF DOUGLAS
COUNTY OF ALLEGAN
STATE OF MICHIGAN**

RESOLUTION NO. 15-2023

**A RESOLUTION OPTING OUT OF THE PUBLICLY FUNDED
HEALTH INSURANCE CONTRIBUTION ACT of 2011**

At a regular meeting of the City Council for the City of the Village of Douglas, Michigan, held at the City of the Village of Douglas City Hall, Douglas, Michigan, on the 5th day of June 2023, at 7:00 p.m.

PRESENT:

ABSENT:

The following resolution was offered by Councilperson XXX, and supported by Councilperson XXX.

RESOLUTION

WHEREAS, the City of the Village of Douglas ("Douglas") insures its employees for health purposes; and

WHEREAS, the "Publicly Funded Health Insurance Contribution Act" P.A. 152 of 2011 was passed by the Michigan Legislature and signed by Governor Snyder; and

WHEREAS, although the new law imposes a maximum that public employers may contribute to employee health care costs, it also provides a mechanism for cities and other local units of government to OPT OUT of the Act's requirements for a one (1) year period by a two-thirds vote of the City Council, allowing the City to determine, on its own, how much it contributes to employee health insurance benefits without reference to hard caps or the 80/20 plan in the Act. A new two-thirds vote would be required to extend the exemption in each subsequent year.

NOW, THEREFORE, be it resolved as follows:

1. The City of the Village of Douglas City Council has, by at least a two-thirds majority vote, indicated its intention to OPT OUT of the requirements of P.A. 152 of 2011.
2. All Resolutions and parts of Resolutions, insofar as they conflict with the provisions of this Resolution be hereby rescinded.

YEAS: Council Members:

NAYS: Council Members:

ABSTAIN: Council Members:

ABSENT: Council Members:

ADOPTED this 5th day of June, 2023.

CITY OF THE VILLAGE OF DOUGLAS

BY: _____
Jerome Donovan, Mayor

BY: _____
Pamela Aalderink, City Clerk

CERTIFICATION

I, Pamela Aalderink, the duly appointed Clerk of the City of the Village of Douglas, do hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the Douglas City Council at a regular meeting held on June 5, 2023, in compliance with the Open Meetings Act, Act No. 267 of the Public Acts of Michigan, 1976, as amended, the minutes of the meeting were kept and will be or have been made available as required by said Act.

CITY OF THE VILLAGE OF DOUGLAS

BY: _____
Pamela Aalderink, City Clerk