



CITY OF GROSSE POINTE WOODS

MEMORANDUM

Date: October 23, 2023

To: Mayor and City Council

From: Shawn Murphy, Treasurer/Comptroller
Frank Schulte, City Administrator

Re: Public Act 152

RECEIVED

OCT 25 2023

CITY OF GROSSE POINTE WOODS
CLERK'S DEPARTMENT

In 2011, Governor Snyder signed into law Public Act (PA) 152 which was enacted to limit a public employer's expenditure for employee medical benefit plans. For medical plan coverage beginning on or after January 1 of each year, a public employer that offers or contributes to a medical benefit plan for its employees or elected public officials shall pay no more of the annual costs or illustrative rates, and a payment for reimbursement of copays, deductibles, or payments into H.S.A., F.S.A., or similar accounts used for health care costs, than a total amount equal to the hard cap.

Public entities are required to comply with either the hard cap-default option or spend no more than 80% of the cost of health care, leaving employees with 20% cost sharing on all employee medical/Rx health benefits (medical, Rx, H.S.A., and H.R.A). Alternatively, local units of government may opt out. The 20% election requires a majority vote and opt out requires a 2/3 vote.

The City of Grosse Pointe Woods currently elects the hard cap option under PA152.

Effective January 1, 2017, healthcare provided by the City was changed to Blue Cross Blue Shield of Michigan (BCBSM) Simply Blue 2000 PPO plan. This is a high dollar deductible plan that qualifies for a health savings account. The current deductible is \$2,000 for a single and \$4,000 for a two person/family. The City contributes yearly into a health savings account, \$1,700 for a single and \$2,000 for a two person/family. The employee is responsible for the remaining yearly deductible.

Gross costs have been under the hard cap limit as set forth in PA152 as shown in the table below since 2017. The gap between the hard cap and the gross costs paid by the city has decreased over that last several years and in 2024 the hard cap allowable limit is less than the gross cost by \$86,113.

BCBS SB2000	Gross Cost	Hard Cap	(Over)/Under
2020	\$967,145	\$1,019,768	\$(52,623)
2021	\$989,551	\$1,061,737	\$(72,186)
2022	\$1,071,843	\$1,086,417	\$(14,574)
2023	\$1,174,551	\$1,179,920	\$(5,369)
2024	\$1,264,692	\$1,178,579	\$86,113

With the hard cap election, employees will be required to contribute \$86,113 towards the cost of health care as shown in the table below. These amounts are in addition to the out of pockets cost required to meet the yearly deductibles.

Current Enrollment	Monthly Contribution	Yearly Contribution	Total EE Contributions
Single (14)	\$42.66	\$ 511.92	\$7,166.88
Two Person (13)	\$102.39	\$1,228.68	\$15,972.84
Family (41)	\$127.99	\$1,535.88	\$62,971.08


We respectfully request City Council to evaluate the options of PA152 and to consider the Opt-out option. The Opt-out option would eliminate additional employee contributions toward health care.

- Opt-out-requires a 2/3 vote by City Council
- Utilize the 80/20-requires a majority vote by City Council
- Hard Cap-default option

Thank you.



Shawn Murphy
Treasurer/Comptroller



Frank Schulte
City Administrator