# CITY OF GROSSE POINTE WOODS

## Office of the Treasurer/Comptroller

## Memorandum

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| **DATE:** | November 16, 2026 | RECEIVED |
| **TO:** | Mayor and City Council | NOV 13 2026 |
| **FROM:** | Steven Schmidt, Treasurer/Comptroller | CITY OF GROSSE POINTE WOODS CLERK'S DEPARTMENT |
| **SUBJECT:** | Public Act 152 Update | |

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

Public Entities are required to comply with one of the following

- Hard Cap;
- 80/20 – employer pay no more than the 80% of cost/employees pay 20% of cost;
- Opt-Out at negotiated rate

In 2017, the City of Grosse Point Woods elected the Hard Cap option under PA 152. The Hard Cap cost included in the city's union contracts and states that all employees are obligated to pay the amount that exceeds the limit.

For the first time in 2024, the Hard Cap exceeded the allowable limit by $86,113. The council voted to opt out of PA 152 and covering the overage, and employees were not charged.

In 2025, the Hard Cap exceeded the allowable limit again in the amount of $268,083. The council voted on a 3-year plan to go to 90/10 opt-out in 2025, 85/15 opt-out in 2026 and 80/20 opt-out in 2027.

In 2026, the Hard Cap will exceed the allowable limit by $460,597. After meeting with Manquen Vance and the Unions, Administration is recommended continuing the 3-year plan to have the 85/15 opt-out in 2026, which was approved by Council.

In 2027, the Hard Cap will exceed the allowable limit by $291,063. After meeting with Manquen Vance, Administration is recommending continuing the 3-year plan to have the 80/20 opt-out in 2027.

Additionally, Administration will continue a second option for employees that has a higher deductible, co-insurance and out of pocket maximum that will have no employee contributions but will also reduce the amount that the city is over Hard Cap for every employee who enrolls.