



## COUNCIL ACTION SUMMARY SHEET

**MEETING DATE:** August 12, 2024

**TOPIC** 2024 Publicly Funded Health Insurance Contribution Cost Limits

### BACKGROUND BRIEF:

Administration is requesting that Village Council determine the option it desires to select for compliance with Public Act 152 of 2011, as amended, for publicly funded employee health insurance costs limits for the upcoming medical benefit plan coverage year. The Village's medical benefit plan coverage year runs from September 1 through August 31. Public Act 152, as amended, requires that local units of government select one of the following options for health insurance cost contributions:

1. **HARD CAP LIMIT** – The State of Michigan establishes hard cap limits each year based on the change in the medical care component of the US Consumer Price Index for the most recent 12-month period. Attached is the determination for the current year. If Council desires to comply with the hard cap limits, no action is required, as this is the default option for local units of government under Act 152.
2. **80/20 LIMIT** – Local units of government, by simple majority vote of the governing body, may opt to limit the local unit's health care contributions to 80% of the total cost of all medical benefit plans. Under this option, the Village would be 80% of health insurance benefit costs, and employees would be required to pay 20% of such costs.
3. **OPT-OUT** – Local units of government, by 2/3 vote of the governing body, may opt out of the health insurance contribution limits. By opting out of the Act 152 limits, the Village would be free to cover 100% of the costs of health insurance for employees or may require employee contribution toward such costs at any level the Council determines appropriate.

Administration recommends that the Village Council take no action and, therefore, accept the default hard cap limits on employee health care cost contributions as outlined in the attached State of Michigan health care cost limitations determination. The document also provides information on next year's limits.

### SUMMARY OF PREVIOUS COUNCIL ACTION:

None

## **FINANCIAL IMPACT:**

If the Village Council opts for the hard cap limits, the contributions by the Village toward employee health care costs cannot exceed the dollar limits outlined in the attached document. If the Village Council opts for the 80/20 contribution limits, the Village's contribution toward employee health care costs could not exceed 80% of the total cost of medical benefit plans for employees, although such limits may exceed the hard cap limits depending upon the costs of the medical benefit plans offered by the Village. If the Village Council opts out of the Act 152 limits, the Village would be responsible for paying up to 100% of the medical benefit plan costs for employees.

## **RECOMMENDED MOTION:**

**(If the Village Council desires to accept the default hard cap limits)** – No action is required

**(if the Village Council desires to accept the 80/20 contribution limits)** – To elect to comply with the requirements of Public Act 152 of 2011, as amended, the Publicly Funded Health Insurance Contribution Act, by adopting the 80%/20% option for the medical benefit plan coverage year September 1, 2024, through August 31, 2025.

**(If the Village Council desires to opt out of the Act 51 contribution limits)** – To elect to comply with the requirements of Public Act 152 of 2011, as amended, the Publicly Funded Health Insurance Contribution Act, by adopting the annual Exemption option for the medical benefit plan coverage year September 1, 2024, through August 31, 2025.