



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2020-0375

TO: Mayor and City Council Members
FROM: Pamela M. Gordon, Human Resources Director
DATE: September 21, 2020
SUBJECT: 2021 Public Act 152 Compliance Recommendation

REQUEST:

Continued support to opt-out of mandated employee medical plan contribution minimums established under Michigan's Public Act 152 for all union and non-union City employees eligible for insurance for plan year 2021, as authorized by a super-majority of City Council.

BACKGROUND:

Public Act 152 requires City Council by a super-majority vote to annually elect to opt-out of State imposed medical benefit plan contribution limits for public employers. Alternatively, by a simple majority vote, Council could require employees to pay 20% of their total annual medical benefit plan costs. Otherwise PA 152 imposes limits on public employer contributions in excess of "hard cap" amounts; \$7,043.89 (single), \$14,730.96 (2-person) and \$19,210.66 (family) for 2021 (a 3% increase from 2020 limits).

All full-time union, as well as non-union employees are currently offered a core, employer funded high deductible HMO (HD/HMO) medical plan, along with City contributions to employee Health Savings Accounts (HSAs). Employees may buy-up to traditional HMO, PPO and HD/PPO plans by paying the monthly premium difference. The City currently has contracts in force through December 31, 2021, with no changes in health care plans identified through the term of the contracts.

The strategy of fully funding a single core medical plan was implemented in 2011, when City Council first authorized the City to opt-out of Public Act 152 for 2012. This core plan strategy has met the 5% annual health insurance renewal target established by Council in 2013 each year since, except 2018 (due to premium taxes implemented under the ACA), while avoiding large employee contributions imposed by mandated hard cap limits or 20% contribution minimums.

The 2021 - 2023 budget continues to reflect a market pay philosophy designed to support the workforce attraction and retention in an increasingly competitive job market. The proposed 2021 budget included an estimated 7% increase in healthcare costs. However, our actual renewal reflects an overall decrease of one percent.

By opting out of Public Act 152, the City continues to support a health care benefit strategy that has proven cost effective, while meeting the coverage and affordability needs of employees.

RECOMMENDATION:

That City Council vote to continue to opt-out of employee medical plan contribution levels required under PA 152 for all union and eligible non-union employees for the benefit plan year beginning January 1, 2021.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney Yes N/A