

# Legislative Analysis

---



## CAP HEALTH BENEFIT PLANS PROVIDED BY PUBLIC AND PUBLIC SCHOOL EMPLOYERS

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

### House Bill 4805

**Sponsor: Rep. Lorence Wenke**

**Committee: Oversight and Investigations**

### Revised Summary

**Complete to 5-23-07**

## A REVISED SUMMARY OF HOUSE BILL 4805 AS INTRODUCED 5-17-07

The bill would amend the Public Employment Relations Act to prohibit public employers and public school employers from bargaining for benefit plans whose cost exceeds the cost of the plan offered to nonexclusively represented civil service employees.

### Public Employers

The bill would amend Section 15(1) to prohibit a public employer from bargaining concerning a benefit plan that would provide medical, optical, or dental benefits for employees to the extent that the cost to the public employer would exceed the cost of the most expensive benefit plan covering the same type of benefits offered to a nonexclusively represented employee in the classified state civil service.

"Public Employer" is not defined in the act, but "public employee" is defined in MCL 424.201(e) as follows:

"Public employee" means a person holding a position by appointment or employment in the government of this state, in the government of 1 or more of the political subdivisions of this state, in the public school service, in a public or special district, in the service of an authority, commission, or board, or in any other branch of the public service." The term does not include "a person employed by a private organization or entity that provides services under a time-limited contract with the state or a political subdivision of the state is not an employee of the state or that political subdivision, and is not a public employee."

### Public School Employers

The bill would add bargaining over health care benefits to the list of prohibited subjects of bargaining "but only insofar as the cost to the employer to secure those benefits would exceed the cost of the health benefit plan offered to a nonexclusively represented employee in the classified state civil service."

As defined in defined in MCL Section 424.201(h), a "**public school employer**" means "a public employer that is the board of a school district, intermediate school district, or public school academy; is the chief executive officer of a school district in which a school reform board is in place under part 5A of the revised school code, 1976 PA 451, MCL 380.371 to

380.376; or is the governing board of a joint endeavor or consortium consisting of any combination of school districts, intermediate school districts, or public school academies."

## **BACKGROUND INFORMATION:**

Nonexclusively represented employees (NEREs). Over 70 percent of State classified civil service employees are covered by a collective bargaining system and are represented by unions. The remaining State classified civil service employees who occupy supervisory, managerial, and confidential positions are not eligible for exclusive representation by unions (although they may join limited recognition unions). These nonexclusively represented employees (NEREs) have their terms and conditions of employment determined through a process administered by the Civil Service Employee Relations Board. The Employee Relations Board serves as a Coordinated Compensation Panel. This Panel recommends a Coordinated Compensation Plan for NEREs to the Civil Service Commission on an annual basis. The Coordinated Compensation Plan and the collective bargaining agreements entered into with exclusively represented employees are subject to the review, modification, and approval by the Civil Service Commission.

State Health Plan Costs. NEREs are currently covered by their choice of the same State Health Plan covering other classified civil service employees or an HMO, depending on their county of residence. Plan booklets and charts showing the biweekly cost to the employer and the employee can be found on the Michigan Department of Civil Service Website. Although the biweekly costs to the employer and employee are set forth on these charts, the State Health Plan is self-funded and so the actual cost to the State of Michigan of the plan may vary based on claims history in a given year.

A 2006-2007 rate chart for active employees can be found at:  
[http://www.michigan.gov/mdcs/0,1607,7-147-22854\\_6649\\_37519---,00.html](http://www.michigan.gov/mdcs/0,1607,7-147-22854_6649_37519---,00.html).

## **FISCAL IMPACT:**

There potentially could be an indeterminate cost to the State. The State would incur costs associated with the proposed legislation if it is required to provide any oversight in monitoring school districts' and local units' of government benefit packages.

There also would be an indeterminate savings to local school districts and local units of government that currently provide a benefit package exceeding the requirements in the bill. The amount of savings will vary by school district and local unit of government. Districts and local units of government may not see savings until current contracts expire.

Legislative Analyst: Shannan Kane  
Fiscal Analyst: Mary Ann Cleary  
Bethany Wicksall  
Robin Risko

---

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.