

Commission Letter #290-11
Commission Meeting: 11/21/2011

Re: Publicly Funded Health Insurance Contribution Act (Public Act 152)

May 30, 2012

The Honorable Mayor
and
Members of City Commission

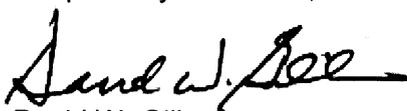
On September 27, 2011, the Publicly Funded Health Insurance Contribution Act (which limits the amount that a public employer can pay towards employee medical benefit plans beginning January 1, 2012) became effective. Under the Act, a public employer that offers or contributes to a medical benefit plan for its employees has three options:

1. Without any affirmative action, establish a "hard cap" (a maximum dollar amount that the employer may pay towards an employee's annual health care costs) of \$5,500 for individual coverage; \$11,000 for individual and spouse coverage; and \$15,000 for family coverage. The hard cap would be adjusted each subsequent year based upon the change in the medical care component of the U.S. consumer price index for the most recent 12-month period for which data was available.
2. By a majority vote of its governing body, establish an 80% employer/20% employee cost-sharing model.
3. By a two-thirds vote of its governing body, be exempt from the requirements of the Act and fund employee health care in some other manner.

The City administration has reviewed these options and has determined that for the 2012 medical benefit plan year, the City will recognize a greater cost savings if the 80%/20% model is established. If the Commission agrees, the following resolution would be appropriate:

BE IT RESOLVED, that that City Commission elects to comply with the requirements of the Publicly Funded Health Insurance Contribution Act by establishing the 80% employer/20% employee cost-sharing model set forth in Section 4 of the Act for the 2012 medical benefit plan year.

Respectfully submitted,



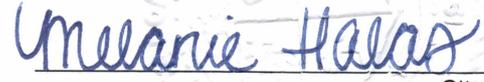
David W. Gillam
City Attorney

cc: Donald E. Johnson, City Manager
Melanie Halas, City Clerk
Mary Jo DiPaolo, Human Resource Director
Julie Rudd, Director of Finance
Howard L. Shifman, Esq.

At a Regular Meeting of the Royal Oak City Commission held on Monday, November 21, 2011, in City Hall, 211 Williams Street, the following Resolution was adopted:

BE IT RESOLVED, that the City Commission elects to comply with the requirements of the Publicly Funded Health Insurance Contribution Act by establishing the 80% employer/20% employee cost-sharing model set forth in Section 4 of the Act for the 2012 medical benefit plan year.

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Royal Oak City Commission at a meeting held on November 21, 2011.



City Clerk