



**CITY OF NOVI CITY COUNCIL**  
**AUGUST 8, 2022**

**SUBJECT:** Approval of Resolution to Opt-Out of provisions set forth by Public Act 152 of 2011

**SUBMITTING DEPARTMENT:** Human Resources

**BACKGROUND INFORMATION:**

Public Act 152 was adopted in 2011 with the goal of placing controls on a public employer's expenditures for employee medical benefit plans. The Act provided three primary options for adoption.

**80/20 option** – which requires a public employer to contribute 80% of healthcare premium costs and employees to contribute 20%;

**Hard Cap option** – which limits the amount that a public employer may contribute based upon a set amount which is adjusted annually based upon the change in the medical care component of the consumer price index; and

**Opt-Out option** – which allows a public agency to opt out of the 80/20 and Hard Cap options and set its own policy with regard to employee/employer healthcare premium costs.

The City previously had adopted the 80/20 option.

To offer a competitive wage and benefit package as part of employee attraction and retention, Human Resources collects healthcare and wage data on a bi-annual basis. When reviewing this data relative to employee premium cost-sharing, it was realized that City of Novi employees was contributing significantly more than employees in other communities.

After two years of realizing savings from self-funding healthcare costs, City Council decided to reduce employee healthcare premium contributions for one of the City's healthcare options.

Beginning in January of 2022, the City reduced premium contributions for insured employees through the Health Alliance Plan (HAP). This change was made for non-union and bargained employees whose contract was expired and/or expiring and was done through negotiations.

The attached Resolution is required to document that the City of Novi is now opting out of the 80/20 option and establishing a separate premium share policy.

A similar Resolution will be required on an annual basis to document the City's intentions with regard to Public Act 152 and to document compliance with that Act.

**RECOMMENDED ACTION:** Approval of Resolution to Opt-Out of provisions set forth by Public Act 152 of 2011

**CITY OF NOVI**

**COUNTY OF OAKLAND, MICHIGAN**

**RESOLUTION TO OPT-OUT AS SET FORTH IN PA 152**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on August 8, 2022, at 7 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers \_\_\_\_\_

ABSENT: Councilmembers \_\_\_\_\_

The following preamble and Resolution were offered by Councilmember \_\_\_\_\_ and supported by Councilmember \_\_\_\_\_.

**WHEREAS** ; PA 152, was passed by the state Legislature;

**WHEREAS** ; Communities are given essentially three options for complying with the requirements of the law;

**WHEREAS**; those three options are as follows:

- (1) Apply the Hard Cap (capped dollar amount each government employer may pay towards an employee's healthcare costs);
- (2) Adopt by majority vote the 80%/20% cost-sharing model;
- (2) Opt out of the cost-sharing model as set forth in the bill and revisit it the next year.

**WHEREAS**; the City has elected its option.

**NOW THEREFORE, IT IS THEREFORE RESOLVED** that the City of Novi has elected to comply with the requirements of the Publicly Funded Health Insurance Contribution Act by adopting the Opt-Out model as set forth in PA 152.

**AYES:**

**NAYS:**

RESOLUTION DECLARED ADOPTED.

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Cortney Hanson, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 8th day of August, 2022, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

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Cortney Hanson, City Clerk  
City of Novi