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Newaygo County Responds to Public Act 152

Public Act 152 became law on September 27, 2011. The act limits the amount that public employers can contribute to employee health care costs. Local units of government have three options under the act: to limit costs to an annual amount per employee, to limit the employer contribution to 80% of health care costs, or to vote by a 2/3 majority each year to opt out of the law. In response to Public Act 152 of 2011, Newaygo County has taken a hard look at its health insurance costs to determine the best way to meet the directives of the law and offer the best value for taxpayer dollars, while continuing to offer employees an affordable benefits package. A new HSA 1250 health plan will meet each of these goals and is expected to save the county an estimated \$700,000 next year.

Although several have endorsed the county opting out, it was not a viable option. It would not be fiscally responsible to continue spending taxpayer dollars without reducing health insurance costs - costs that are nearly double what most employers in the state pay and that have risen dramatically in recent years. This is especially true as the county continues to experience decreasing annual revenues.

While we understand the importance of reducing employer health care costs, we didn't feel simply passing large costs on to employees through a payroll deduction was the most appropriate solution, either. Many employees have not received pay raises, and like many, they are being asked to do more with less. With this in mind, we looked for a way to change our health coverage that would lower employer costs without passing direct, immediate, huge costs on to employees.

The HSA 1250 plan increases employee deductibles to \$1,250 for single subscribers and \$2,500 for double and family subscribers. The plan also provides employees with a Health Reimbursement Account (HRA) that reimburses a portion of the deductible. No changes will be made to prescription, dental, or vision coverage. By taking a creative approach to the new legislation and making changes to employees' exposure, we are able to save the county dollars and realize savings to our health care costs without passing the costs on to all employees.

In the current economic climate, it is irresponsible to continue practicing business as usual. Our current health plan was unsustainable and needed to be replaced with a more affordable plan. With the switch to the HSA 1250 plan, we will reduce our costs, adhere to the caps set by Public Act 152, and still offer a great health plan to the employees who dedicate their days to serving our residents.

Adam Wright
Newaygo County Board Chair

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