

Dillon Healthcare: FAQ

What does it do? This bill (H.B. 5345) would standardize healthcare plans for all public employees and retirees. That is, all public employees and retirees would have the same number and kind of healthcare plans available to them. It does not specify what those plans would be or how many choices public employees and retirees would have.

Who does it affect? It would affect all public employees who currently have insurance and public employee retirees. It would not give insurance to the uninsured.

Who decides? This bill creates a 13-person panel. The 13 members would be: the State Employer, the State Budget Director, 4 people representing public employees, 1 person representing public employee retirees, 3 people representing public employers, and 3 people with expertise in employee benefit design or healthcare actuarial science.

Who appoints this panel? The State Employer and the State Budget Director serve by virtue of their positions. Almost everyone on the panel is appointed by the governor. There are two people who are not. One of the healthcare experts is appointed by the senate majority leader and one of them is appointed by the speaker of the house.

How will the 13-member panel decide the healthcare plans? According to the legislation, the panel will take both cost and quality into consideration.

What if we don't like the healthcare options they offer? There's really very little we can do to affect decisions made by gubernatorial appointees.

What about bargaining? Under this bill, we can only bargain over how much the employer pays and how much employees pay. And we will bargain over which of the approved-plans our members can get. But we will not have access to additional plans unless those additional plans are shown to be cheaper than the approved plans.

So what are the big problems or risks? If this bill passes, we don't know which healthcare plans this panel will approve until after they have approved them. We strip ourselves of the ability to bargain over our own healthcare plans. The other very big problem is that this plan is supposed to save Michigan \$700M- \$900M. But only a small percentage of those savings come from standardized administrative costs. The rest of those savings depend on employees picking up a larger part of the cost for healthcare. And last but certainly not least, the bill never really addresses the underlying issues of rising healthcare costs.

For more information go to www.aftmichigan.org