



**MICHIGAN  
ASSOCIATION  
OF COUNTIES**

935 North Washington Avenue  
Lansing, Michigan 48906  
800.258.1152 Fax 517.482.4599  
www.micounties.org

**Timothy K. McGuire**, Executive Director

May 24, 2011

The Honorable Tom McMillin, Chair  
Oversight, Reform, and Ethics Committee  
Michigan House of Representatives  
State Capitol  
Lansing, MI 48909

Dear Chairman McMillin:

SB 7 and HB 4572 would mandate a cap on the employee healthcare benefit premiums that local governments pay and allow the state legislature to mandate local employee health benefits in the future. **MAC opposes SB 7 and HB 4572 as written and urges you to consider allowing counties a simple majority opt-out for the reasons given below.**

MAC believes that there will be unintended consequences connected with this legislation. First, counties negotiate healthcare, wages, and retirement as three related items. Setting limits on the healthcare leg of this stool, will only increase demand for higher wages and increased retirement benefits, which tend to have legacy costs in retirement that must be pre-funded. Rising retirement costs will increase county costs in the long-term. Second, the bills open local benefits up to state mandate for the first time, but do not require the state to fund the results of the mandate. Opening this door could lead to state political gamesmanship at the local level. The legislature, once given the opportunity to mandate local benefit payment, could then change the percentages at will (either up or down), without having to be fiscally responsible for the results, or the negotiations that ensue on wages or retirement benefits. Finally, many counties have dealt with rising health care costs in creative ways, including high deductible plans and incentives to employees to choose lower cost alternatives. These bills would stifle that creativity.

**As an alternative, MAC recommends that the legislature consider giving local governments the tools necessary to allow them to control costs as duly elected officials, including a simple majority opt-out for these bills and some much needed reforms.** Such reforms include unfunded mandates reform, juvenile justice and foster care reform, LEIN reform, inmate healthcare reform, a discussion on the proper funding source for the courts, PA 312 reform, Urban Cooperation Act reform, service sharing incentives, and economic development reform just to name a few items. MAC looks forward to working with you on any of these issues.

Sincerely,

BENJAMIN E. BODKIN, Legislative Director  
Michigan Association of Counties