City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2026-0441

TO: Mayor and City Council Members

FROM: Brooke Insana, Director Human Resources

DATE: October 26, 2026

SUBJECT: 2027 Public Act 152 Compliance Recommendation

REQUEST:

Continued support to opt-out of mandated employee medical plan contribution minimums established under Michigan's Public Act 152 for all union and non-union City employees eligible for insurance for plan year 2027, as authorized by a super-majority of City Council.

BACKGROUND:

Public Act 152 requires City Council by a super-majority vote to annually elect to opt-out of State imposed medical benefit plan contribution limits for public employers. Alternatively, by a simple majority vote, Council could require employees to pay 20% of their total annual medical benefit plan costs. Otherwise, Public Act 152 imposes limits on public employer contributions in excess of "hard cap" amounts $8,108.35 (single), $17,107.66 (2-person), and $22,310.11 (family) for 2027 (a 3.0% increase from 2026 limits).

All full-time union, as well as non-union employees are currently offered a core, employer funded high deductible HMO (HD/HMO) medical plan, along with City contributions to employee Health Savings Accounts (HSAs). Employees may buy-up to traditional HMO, PPO and HD/PPO plans by paying the monthly premium difference. The City currently has contracts through December 31, 2027.

The strategy of funding a single core medical plan was implemented in 2011, when City Council first authorized the City to Opt-Out of Public Act 152 for 2012. This core plan strategy has consistently met Council targets while avoiding large employee contributions imposed by mandated Hard Cap limits or 20% contribution minimums.

The FY 2027-2029 budget continues to reflect a market pay philosophy designed to support the workforce attraction and retention in an increasingly competitive job market. The Adopted FY 2027 budget included an estimated +7.0% increase in healthcare costs; however, our actual renewal reflects an overall net increase of +7.4% for 2027. Chief Financial Officer Joe Snyder has confirmed that the Adopted FY 2027 budget can sustain this additional 0.4% variance.

By opting out of Public Act 152, the City continues to support a health care benefit strategy that has proven cost effective, while meeting the coverage and affordability needs of employees.

RECOMMENDATION:

It is recommended that City Council vote to continue to opt-out of employee medical plan contribution levels required under PA 152 for all eligible union and non-union employees for the benefit plan year beginning January 1, 2027.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Clerk		

Contract Reviewed by City Attorney ☐ Yes ☒ N/A