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## EXECUTIVE DIRECTIVE No. 2010-1

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### COST-EFFECTIVE HEALTH CARE BENEFITS FOR EMPLOYEES OF PUBLIC ENTITIES IN MICHIGAN

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, under Section 8 of Article V of the Michigan Constitution of 1963, each principal department of state government is under the supervision of the Governor unless otherwise provided by the Constitution;

WHEREAS, under Section 8 of Article V of the Michigan Constitution of 1963, the Governor is responsible to take care that the laws be faithfully executed;

WHEREAS, the economic conditions facing the citizens and government of this state have caused serious and immediate fiscal difficulties for the state budget and for those of our local units of government and other public entities;

WHEREAS, the rapidly rising cost of employee health care benefits is a significant contributing factor to the fiscal difficulties faced by this state, its local units of government, and other public entities;

WHEREAS, it may be possible to achieve additional economies and efficiencies in the provision of health care benefits to employees of this state and its local units of government and other public entities, including schools and universities, by pooling state and local resources through a voluntary mechanism to achieve greater bargaining power and administrative efficiencies;

WHEREAS, encouraging local governments and other public entities and their employees to choose to participate in the state's employee health care benefits plans may produce administrative efficiencies and enhance economies for purchasing;

WHEREAS, the Michigan Civil Service Commission has adopted Rule 5-11 which, in subsection (e)(2), authorizes the State Personnel Director to "approve agreements with other public entities to permit their employees to participate in group insurance plans authorized by the civil service commission if 100 percent of any additional total cost of participation is paid by the participating public entities or their employees";

WHEREAS, the absence of state-local agreements under Civil Service Rule 5-11(e)(2) stems from a variety of barriers, including, but not limited to, lack of awareness about the availability of this option, disparities between the scope and cost of employee health care coverage offered by the state as compared to that offered by local public entities, and the lack of reliable actuarial information and other uncertainties concerning the costs of participation by local public entities in the various state health care plans;

WHEREAS, this state has recently reached agreement with a number of state employees unions on a state health care plan for new state employees that reduces the state's cost of providing health care coverage by 21.3% and the economies and efficiencies of this new lower cost plan should be offered to local governments, schools, universities, other public entities in this state, and their employees;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, direct:

#### I. DEFINITIONS

As used in this Directive:

A. "Civil Service Commission" or "Commission" means the commission created under Section 5 of Article XI of the Michigan Constitution of 1963.

B. "Department" means the Department of Management and Budget created as a principal department of state government under Section 121 of The Management and Budget Act, 1984 PA 431, MCL 18.1121. On or after March 21, 2010, the effective date of Executive Order 2009-55, "Department" shall mean the Department of Technology, Management, and Budget.

C. "Director of the Department" means the Director of the Department of Management and Budget. On or after March 21, 2010, the effective date of Executive Order 2009-55, "Director" shall mean the Director of the Department of Technology, Management, and Budget.

D. "Director of the Office of the State Employer" means the head of the autonomous office created within the Department of Management and Budget by Executive Order 1979-5, whose duties include, but are not limited to, those assigned by Executive Orders 1979-5, 1981-3, 1988-6, 2002-18, 2004-31, 2007-30, 2008-22, and 2009-55.

E. "Public entity" means a county, city, village, township, school district, intermediate school district, intergovernmental entity, or other political subdivision of this state that offers health care benefits to its employees, including, but not limited to, a public university, college, community college, or a public school academy that offers health care benefits to its employees.

F. "State Personnel Director" means the administrative and principal executive officer of the Civil Service Commission provided for under Section 5 of Article XI of the Michigan Constitution of 1963 and Section 204 of the Executive Organization Act of 1965, 1965 PA 380, MCL 16.304.

## II. COOPERATIVE STATE AND LOCAL EMPLOYEE HEALTH CARE

A. The Director of the Department and the Director of the Office of the State Employer shall immediately do all of the following:

1. Identify any and all barriers that discourage or prevent local units of government and other public entities in this state from participating in each of the health care benefit plans offered to state employees by the state of Michigan, including, but not limited to, the state's health care plan (PPO), health maintenance organization plans, prescription drug coverage programs, dental care plans, and vision care plans.
2. Ensure that health care benefit plans offered to public employees utilize best practices for healthcare delivery to encourage patient safety, encourage the effective use of health information technology, and prevent unnecessary treatment.
3. By June 30, 2010, effectuate changes in their administrative practices, procedures, and requirements to eliminate or reduce barriers and encourage participation in each of the various state employee health benefit plans by local units of government and other public entities in this state.

B. The Director of the Department and the Director of the Office of the State Employer shall invite the participation of the State Personnel Director and shall work cooperatively with the State Personnel Director and the Civil Service Commission. If it appears necessary and appropriate to seek changes to Civil Service Rule 5-11(e)(2) or to other Civil Service rules, regulations, orders, policies, or instructions to effectuate the cost savings and cooperative efforts contemplated by this Directive, the Director of the Department and the Director of the Office of the State Employer shall promptly ask the Commission to consider and adopt such revisions.

C. State departments, agencies, and state officers shall fully and actively cooperate with and assist the Director of the Department and the Director of the Office of the State Employer in the implementation of this Directive. The Director of the Department or the Director of the Office of the State Employer may request the assistance of other state departments, agencies, and officers with respect to personnel, budgeting, procurement, telecommunications, information systems, legal services, and other management-related functions necessary to implement this Directive, and the departments, agencies,

and officers shall provide such assistance.

D. The Director of the Department may hire or retain such contractors, sub-contractors, advisors, consultants and agents as the Director of the Department may deem advisable and necessary for the implementation of this Directive, in accordance with the relevant statutes and procedures, rules, and regulations of the Civil Service Commission and of the Department and may make and enter into contracts necessary or incidental to the exercise of the powers and performance of the duties of the Department and the Director of the Department. Under this provision, the Director of the Department specifically may hire or retain such contractors, sub-contractors, advisors, consultants, and agents as the Director of the Department may deem advisable and necessary to provide legal advice or legal services, to provide for research and development activity, or to provide strategic planning services.

E. Nothing in this Directive shall be construed to alter or modify any Civil Service Commission rule or regulation or collective bargaining agreement or to diminish or limit the power of the Civil Service Commission to exercise authority granted to the Commission under Section 5 of Article XI of the Michigan Constitution of 1963. A copy of this Directive shall be transmitted to the members of the Civil Service Commission and the State Personnel Director. The Civil Service Commission is urged to take any action necessary to implement this Directive by June 30, 2010.

This Directive is effective immediately.

Given under my hand this 17th day of February in the year of our Lord, two thousand and ten.

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JENNIFER M. GRANHOLM  
GOVERNOR

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