



# MSBO School Finance Services Legislative Update

January 17, 2025



**Education Advocates**  
of West Michigan

# Topics

- “Lame Duck” Legislative Session
- Bills Awaiting Signature
- Bills Signed into Law
- Near-term Policy Forecast
- FY 2026 Budget Preview
- Federal Education Issues

# Lame Duck Legislative Session

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# Lame Duck Dysfunction

- Attendance issues and intraparty disagreements in the House doomed hundreds of bills
- Senate passed about 90 House bills without amendment in a marathon, 30-hour session
- Most Senate bills died in the House due to inaction
  - FASFA
  - Eliminating governmental immunity
  - Mandatory kindergarten

# HB 6058 - Hard Caps & 80/20

- Increases hard caps by 7%

	2024 Cap Amount	2025 Cap Amount
Single	\$7,703	\$8,259
Double	\$16,109	\$17,271
Family	\$21,008	\$22,523

- Indexes annual increases in the cap to the “change in the medical care component of the average of Michigan health insurance rates, as approved by DIFS, or by 3%, whichever is greater.”

# Two Separate Concepts Erroneously Linked

- “**Medical care**” is a concept from the U.S. Department of Labor’s Consumer Price Index
- “**Health Insurance Rates**” are prices proposed by insurance companies and then approved by individual states. In Michigan, this is the Department of Insurance and Financial Services, DIFS.
- *In PA 152, increases in cap amounts are indexed to the **medical care** component of the CPI*



U.S. BUREAU OF LABOR STATISTICS

# CPI- 8 Major Groups

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## Items

Expenditure items are classified in the CPI into more than 200 categories, arranged into 8 major groups. This item structure is unique to the CPI and the categories themselves do not correspond to the North American Industry Classification System (NAICS), other price indexes, or other statistics.

Eight major groups and examples of categories in each follow:

- **Food and beverages** (breakfast cereal, milk, coffee, chicken, wine, full service meals, snacks)
- **Housing** (rent of primary residence, owners' equivalent rent, utilities, bedroom furniture)
- **Apparel** (men's shirts and sweaters, women's dresses, baby clothes, shoes, jewelry)
- **Transportation** (new vehicles, airline fares, gasoline, motor vehicle insurance)
- **Medical care** (prescription drugs, medical equipment and supplies, physicians' services, eyeglasses and eye care, hospital services)
- **Recreation** (televisions, toys, pets and pet products, sports equipment, park and museum admissions)
- **Education and communication** (college tuition, postage, telephone services, computer software and accessories)
- **Other goods and services** (tobacco and smoking products, haircuts and other personal services, funeral expenses)



[CPI Home](#)[CPI Publications](#)[CPI Data](#)[CPI Methods](#)[About CPI](#)[Contact CPI](#)

## Measuring Price Change in the CPI: **Medical care**

The medical care index is one of eight major groups in the Consumer Price Index (CPI) and is divided into two main components: **medical care services** and **medical care commodities**, each containing several item categories.

**Medical care services**, the larger component in terms of weight in the CPI, is organized into three categories: **professional services**, **hospital and related services**, and **health insurance**. **Medical care commodities**, the other major component, includes **medicinal drugs** and **medical equipment and supplies**.

The following topics that are frequently confusing to the public are explained in this factsheet: [expenditure methodology](#), [health insurance](#), [medical claims](#), [prescription drugs](#), [professional services](#), and [hospital services](#).





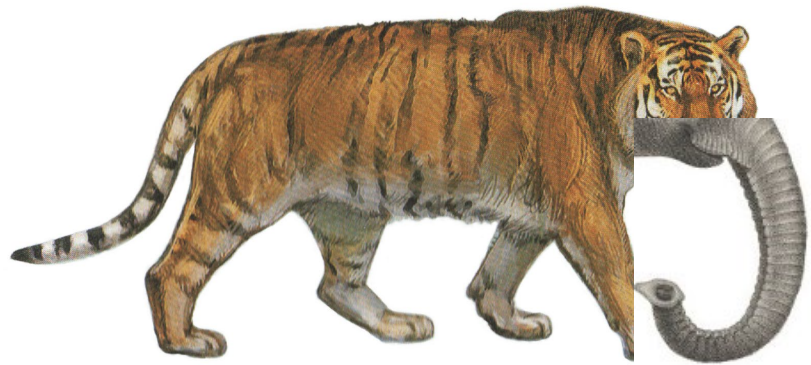
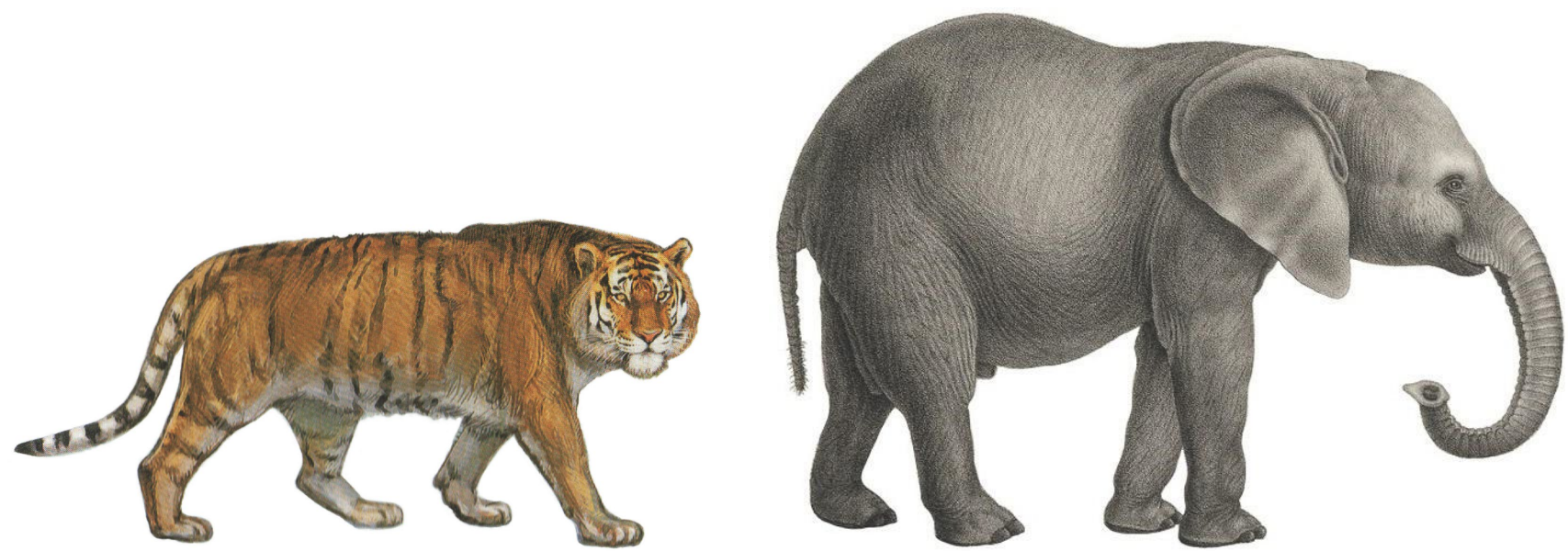
**Table A. Definitions of published medical care indexes and relative importance as of December 2023**

Item	Definition	Relative importance (percent)	Percentage of the Medical Care Index
<b>Medical care</b>	Medical care commodities and medical care services	8.004	100%
<b>A. Medical care commodities</b>	Prescription drugs, nonprescription over-the-counter-drugs, and other medical equipment and supplies	1.489	19%
<b>1. Medicinal drugs</b>	All prescription and over-the-counter drugs	1.370	17%
<b>a. Prescription drugs</b>	All drugs dispensed by prescription. Mail order outlets are included. Prices reported represent transaction prices between the pharmacy, patient, and third party payer, if applicable.	0.913	11%
<b>b. Nonprescription drugs</b>	All nonprescription drugs, including topicals	0.458	6%
<b>2. Medical equipment and supplies</b>	Nonprescription medicines and dressings used externally, contraceptives, and supportive and convalescent medical equipment (e.g., adhesive strips, heating pads, athletic supporters, and wheelchairs)	0.118	1%
<b>B. Medical care services</b>	Professional medical services, hospital services, nursing home services, adult day care, and health insurance	6.515	81%

<b>B. Medical care services</b>	Professional medical services, hospital services, nursing home services, adult day care, and health insurance	6.515	81%
<b>1. Professional services</b>	Physicians, dentists, eye care providers, and other medical professionals	3.630	45%
<b>a. Physicians' services</b>	Services by medical physicians in private practice, including osteopaths, which are billed by the physician. Includes house, office, clinic, and hospital visits. (Excludes independent lab work and ophthalmologists. See Eyeglasses and eye care.)	1.828	23%
<b>b. Dental services</b>	Services performed by dentists, oral or maxillofacial surgeons, orthodontists, periodontists, or other dental specialists in group or individual practice. Treatment may be provided in the office or hospital.	0.906	11%
<b>c. Eyeglasses and eye care</b>	Services and goods provided by opticians, optometrists, and ophthalmologists. Includes eye exams, dispensing of eyeglasses and contact lenses, office visits, and surgical procedures in the office or hospital.	0.333	4%
<b>d. Services by other medical professionals</b>	Services performed by other professionals such as psychologists, chiropractors, physical therapists, podiatrists, social workers, and nurse practitioners in or out of the office. Also, includes independent lab work and imaging services.	0.563	7%
<b>2. Hospital and related services</b>	Services provided to inpatients and outpatients. Includes emergency room visits, nursing home care and adult day care.	2.305	29%
<b>a. Hospital services</b>	Services provided to patients during visits to hospitals, ambulatory surgical centers, or other similar settings.	1.987	25%
<b>i. Inpatient hospital services (1)</b>	Services for inpatients. Includes a mixture of itemized services, Diagnosis Related Group -based services, per diems, packages, or other bundled services.	N/A	
<b>ii. Outpatient hospital services (1)</b>	Services provided to patients classified as outpatients in hospitals, free standing services facilities, ambulatory surgery, and urgent care centers.	N/A	
<b>b. Nursing home and adult day care services</b>	Charges for residential care at nursing homes, nursing home units of retirement homes, and convalescent or rest homes. Also includes non-residential adult day care.	0.167	2%
<b>c. Care of invalids and elderly at home</b>	Fees paid to individuals or agencies for the personal care of invalids, elderly or convalescents in the home including food preparation, bathing, light house cleaning, and other services	0.151	2%
<b>3. Health Insurance</b>	Indirect approach based on retained earnings method. See Health Insurance section.	0.580	7%

# HB 6058 - Hard Caps & 80/20

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## HB 6058 - Hard Caps & 80/20

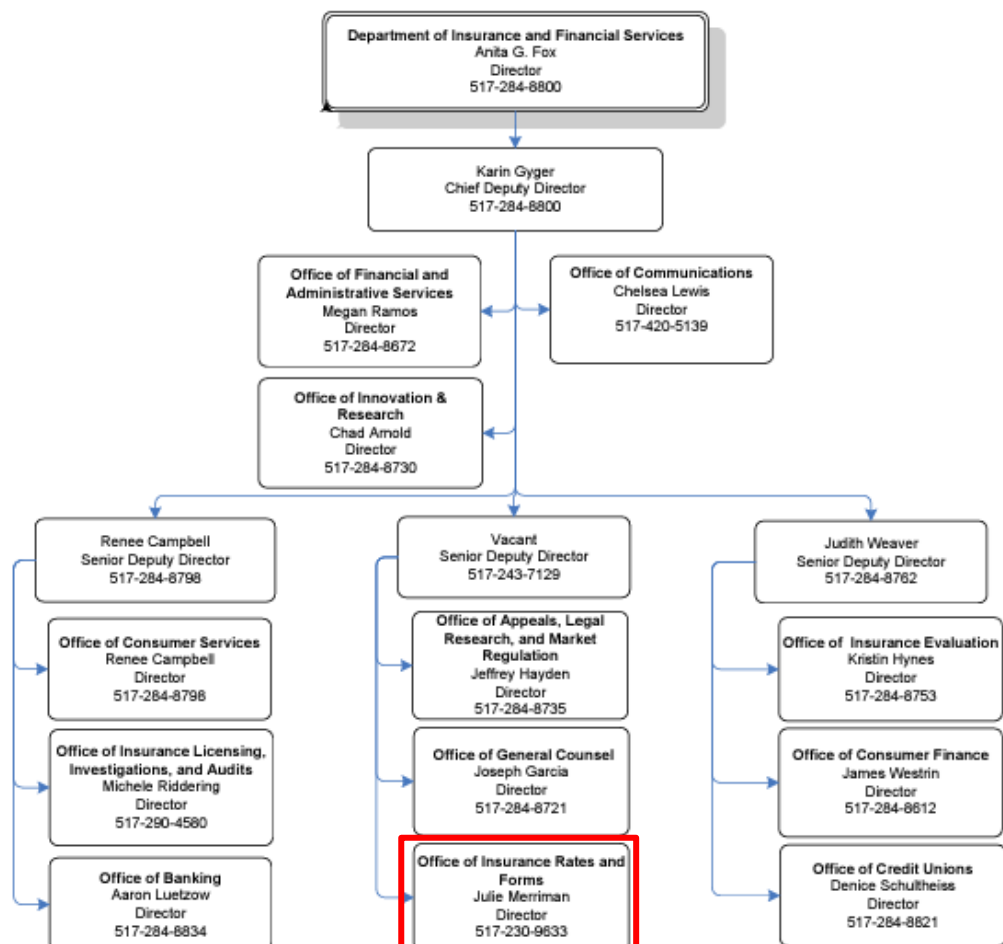
- Indexes annual increases the “change in the medical care component of the average of Michigan health insurance rates, as approved by DIFS, or by 3%, whichever is greater.”

NO SUCH METRIC EXISTS!

# Department of Insurance and Financial Services

## Organization Chart

Last Revised 10/28/2024





## 2025 Michigan Health Insurance Rate Change Requests

### Individual Market (APPROVED)

[Michigan SERFF Filing Access](#)

[Healthcare.gov Rate Review](#)

Below is a listing of issuers who are approved to offer ACA-compliant health insurance policies in the INDIVIDUAL market in 2025. DIFS has completed its review and the approved rate changes are shown below next to the requested changes. More detailed information can be found on Michigan's website through its SERFF Filing Access database or in the Rate Review section of Healthcare.gov at the links provided above.

**Important Note:** As rate changes vary by plan, geographic area, and tobacco status, individuals may experience rate changes different from the annualized change. In addition, individuals receiving tax credits covering all or part of their premium will experience different rate changes due to the tax credit calculation. The 2025 tax credits will not be known until closer to the beginning of open enrollment on November 1, 2024.

Issuer Name	Participating in Federally Facilitated Marketplace	Annualized Rate Changes		Current Enrollment	Number of Plans			SERFF Tracking Number	Link to Submit Public Comment
		Requested	As Approved		On or Off Marketplace	On or Off Marketplace with 15% or greater rate increases	On Marketplace		
Alliance Health and Life Insurance Company	No	1.8%	1.8%	1,413	7	0	0	HALP-134110482	Public Comment Period has Closed
Blue Care Network of Michigan	Yes	8.9%	8.9%	93,523	28	0	22	BCNT-134116824	
HAP CareSource	Yes	new	new	-	17	0	17	HAPC-134107111	
Blue Cross Blue Shield of Michigan Mutual Ins Co	Yes	7.5%	7.5%	55,230	10	0	9	BBMI-134116718	
Health Alliance Plan (HAP)	No	4.1%	4.1%	1,812	21	0	0	HALP-134110475	
McLaren Health Plan Community	Yes	3.8%	3.8%	2,768	9	0	9	MCLH-134045104	
Meridian Health Plan of Michigan, Inc.	Yes	3.2%	4.4%	85,428	21	0	17	HPMI-134075433	
Molina Healthcare of Michigan, Inc.	Yes	8.1%	8.1%	29,342	7	0	7	MHCM-134076284	
Oscar Insurance Company	Yes	9.3%	9.3%	2,479	9	1	9	OHIN-134085758	
Physicians Health Plan	Yes	7.3%	7.3%	11,566	12	0	10	PPPM-134074920	
Priority Health	Yes	18.9%	18.9%	154,562	68	61	49	PRHL-134114323	
UnitedHealthcare Community Plan, Inc.	Yes	0.6%	0.6%	23,939	13	0	13	UHLC-134074158	
Total - Individual Market		10.7%	10.9%	462,062	222	62	162		

#### Definitions

Annualized Rate Changes: Requested/Approved

Current Enrollment

Number of Plans: On or Off Marketplace

Number of Plans: On or Off Marketplace with 15% or greater rate increases

Number of Plans: On Marketplace

SERFF Tracking Number

Average rate change for the upcoming year. Individual rate changes will vary by plan, age, geographic area, and tobacco status.

Number of individuals enrolled in plans currently offered by the issuer.

Total plans to be offered by the issuers in the upcoming year. Benefits and cost sharing vary between plans and may not be offered in every part of the state.

Plans with rate increases equal to or exceeding 15% subject to additional rate review and disclosures.

Number of plans to be offered on the Marketplace (healthcare.gov). The difference from the On or Off column is the number of plans offered solely outside the Marketplace.

Filing number assigned to the rate increase request made within the NAIC's SERFF filing system. Can be used to search the SERFF Filing Access database.

Rate changes, enrollment, and plan totals are as reported on issuers' Unified Rate Review Templates and/or SERFF rate filings.

DIFS issued 498 objections during its review of issuers' rate/form and binder filings in the individual and small group markets for the 2025 plan year.

This document satisfies 45 CFR 154.301(b) for public disclosure and input under an effective rate review program, as well as the requirements under Article 7, Section 301 of Michigan Public Act 121 of 2024.

Updated: 10/23/2024

## 2025 Michigan Health Insurance Rate Change Requests

### Small Group Market (APPROVED)

[Michigan SERFF Filing Access](#)

[Healthcare.gov Rate Review](#)

Below is a listing of issuers who are approved to offer ACA-compliant health insurance policies in the **SMALL GROUP** market in 2025. DIFS has completed its review and the approved rate changes are shown below next to the requested changes. More detailed information can be found on Michigan's website through its SERFF Filing Access database or in the Rate Review section of Healthcare.gov at the links provided above.

**Important Note:** As rate changes vary by plan, geographic area, and tobacco status, individuals may experience rate changes different from the annualized change. Individual employee premiums will also be affected by the amount the employer contributes to the total premium.

Issuer Name	Participating in Federally Facilitated Marketplace	Annualized Rate Changes		Current Enrollment	Number of Plans			SERFF Tracking Number	Link to Submit Public Comment
		As Requested	As Approved		On or Off Marketplace	On or Off Marketplace with 15% or greater rate increases	On Marketplace		
Alliance Health and Life Insurance Company	No	9.7%	9.7%	17,607	32	3	0	HALP-134096123	
Blue Care Network of Michigan	No	11.2%	11.6%	112,486	180	3	0	BCNT-134118170	
Blue Cross Blue Shield of Michigan Mutual Ins Co	No	11.5%	11.5%	163,728	87	0	0	BBMI-134102236	
Health Alliance Plan (HAP)	No	5.8%	5.8%	18,839	25	0	0	HALP-134096125	
Paramount Care of Michigan	No	7.5%	7.5%	339	10	0	0	PARM-134085708	Public Comment Period has Closed
Paramount Insurance Company	No	12.5%	12.5%	83	6	3	0	PARM-134085725	
PHP Insurance Company	No	6.2%	6.2%	1,050	16	0	0	PHPM-134074916	
Physicians Health Plan	No	4.9%	4.9%	5,086	32	0	0	PHPM-134074900	
Priority Health	No	13.2%	13.2%	91,223	79	15	0	PRHL-134076154	
Priority Health Insurance Company (PHIC)	No	12.3%	12.3%	3,034	16	0	0	PRHL-134076147	
UnitedHealthcare Community Plan, Inc.	No	4.9%	4.9%	1,380	13	0	0	UHLC-134069919	
UnitedHealthcare Insurance Company	No	4.7%	4.7%	9,215	34	0	0	UHLC-134069915	
<b>Total - Small Group Market</b>		<b>11.2%</b>	<b>11.3%</b>	<b>424,070</b>	<b>530</b>	<b>24</b>	<b>0</b>		

#### Definitions

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Current Enrollment

Number of Plans: On or Off Marketplace

Number of Plans: On or Off Marketplace with 15% or greater rate increases

Number of Plans: On Marketplace

SERFF Tracking Number

Average rate change for the upcoming year. Individual rate changes will vary by plan, age, geographic area, and tobacco status.

Number of individuals enrolled in plans currently offered by the issuer.

Total plans to be offered by the issuers in the upcoming year. Benefits and cost sharing vary between plans and may not be offered in every part of the state.

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Updated: 10/23/2024

# HB 6058 - Bill Language

5           (2) A public employer may allocate its payments for medical  
6   benefit plan costs among its employees and elected public officials  
7   as it sees fit. By April 1 of each year after 2024, the state  
8   treasurer shall adjust the maximum payment under this section for  
9   single-person coverage and family coverage for medical benefit plan  
10   coverage years beginning the succeeding calendar year, based on any  
11   change in the medical care component of the average of the Michigan  
12   health insurance rates, as approved by the department of insurance  
13   and financial services, or by 3%, whichever is greater. The

# HB 6058 Scenarios

1. The bill does not get transmitted to the governor
2. Governor vetoes/pocket vetoes
3. Governor signs & Treasury interprets problematic language. Possible AG opinion?
4. If cap increases are indexed to DIFS-approved average insurance rate increases...
  - a. FY 2026 rates already set by DIFS
  - b. 11.3% increase (set in Oct., 2024)
  - c. Roughly, every one percentage point increase is equivalent to \$12/pupil for most districts
  - d. 2025 = +\$85/student added cost
  - e. 2026 = +\$130/student added cost
5. Deal/trade off for a new bill

# Education Bills Awaiting Signature

- HB 6058 - Hard caps up 7%; 80% floor
- HB 4095/4096 - School safety terminology
- HB 5549 - Requires behavior threat assessments
- HB 5659/5660 - Replaces School Safety Commission with School Safety & Mental Health Commission
- HB 5450/5451 - Safe storage notices
- HB 5649 - Offer Computer Science
- Charter School transparency
  
- 14 days to sign bills once presented
- [Education Bill Status Chart from Lane Duck](#)

# Supplemental Budget

- Book Closing from FY 2024
  - \$1 billion unspent in SAF
  - \$2 billion unspent in GF
- Governor's leverage
- If no deal in next 4-6 weeks, likely no supplemental



# Bills Signed into Law Impacting Education

- SB 740 - Ratio of master/journeyman plumbers to supervise no more than two apprentices

# Near-term Forecast- 103rd Michigan Legislature

- Divided government
- Speaker Hall's political experience
- Tipped wage/ESTA bills
- Supplemental budget?
- Gov. Whitmer tacks to the center
- Michigan Senate - 19 dems, 18 republicans

# FY 2026 Budget Preview

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# FY 2026 Budget Preview

- CREC January 10, 2025
- Governor's budget recommendation in February
- Month-to-month revenues matching/slightly beating estimates for now
- Reversion to historical revenue patterns following heavy federal money
- Likely 2-2.5% revenue growth
- Budget timeline during divided government
- Road funding impact?

# Federal Education Issues

- FY 2025 remains in play (Continuing Resolutions)
- FY 2026 budget development throughout spring/summer
- US Senate & the filibuster
- Feds contribute about \$.08 of every K-12 education dollar
- ESEA & IDEA
- Title IX rule changes



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