



Healthcare Discussion: The Consumer's Perspective and an Update on HB 6058

MSBO HR Town Hall

February 27, 2026

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Agenda

- 1 PA 152 and HB 6058**
An update and considerations
- 2 What Can We Do as Consumers?**
Ways to save
- 3 Recent Announcements**
Initiatives from Washington D.C.
- 4 Questions**
Conversation



1

PA 152 and HB 6058



PA 152 History

Signed into law in 2011 for a 2012+ effective date

Goal was to limit a public employer's healthcare costs through one of two methods (local units of government can opt out)

- Hard Cap: Specific dollar cap set for 2012, indexes annually
- 80/20

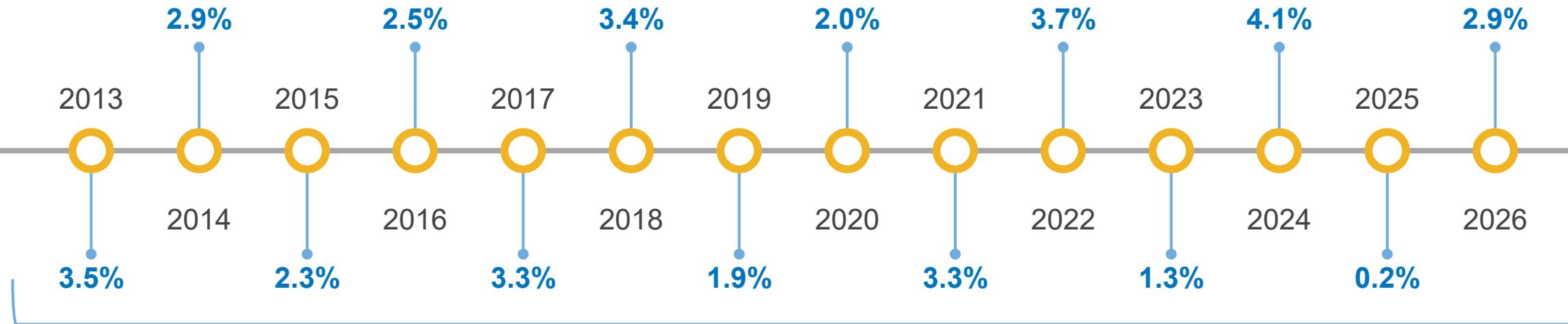
Employer “may allocate the employees’ share of total annual costs of the medical benefit plans among the employees of the public employer as it sees fit”



PA 152 Hard Cap

History of hard cap increases by year since inception

Hard Cap Increase



Average of 2.7% since inception



Average healthcare trend over this time period, based on observed annual healthcare trend study numbers, averaged roughly 8%

Trend History – Average Trended Cost vs. Cap Cost



- This gap is good for public budgets, makes attraction/retention difficult
- This is what put so much pressure on the existence of 152

Medical CPI Inflation Calculation for PA 152 Hard Caps

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calc. Increase	Effective year
2014	2.1	2.3	2.2	2.4	2.8	2.6	2.6	2.1	2.0	2.1	2.5	3.0		
2015	2.6	2.3	2.5	2.9	2.8	2.5	2.5	2.5	2.5	3.0	2.9	2.6	2.4	
2016	3.0	3.5	3.3	3.0	3.1	3.5	3.9	4.9	4.9	4.3	4.0	4.1	2.8	
2017	3.9	3.5	3.5	3.0	2.7	2.7	2.6	1.8	1.6	1.7	1.7	1.8	3.9	
2018	2.0	1.8	2.0	2.2	2.4	2.5	1.9	1.5	1.7	1.7	2.0	2.0	2.2	
2019	1.9	1.7	1.7	1.9	2.1	2.0	2.6	3.5	3.5	4.3	4.2	4.6	2.0	2020
2020	4.5	4.6	4.7	4.8	4.9	5.1	5.0	4.5	4.2	2.9	2.4	1.8	3.3	2021
2021	1.9	2.0	1.8	1.5	0.9	0.4	0.3	0.4	0.4	1.3	1.7	2.2	3.7	2022
2022	2.6	2.4	2.8	3.2	3.7	4.5	4.8	5.4	6.0	5.0	4.2	4.0	1.3	2023
2023	3.1	2.3	1.5	1.1	0.7	0.1	-0.5	-1.0	-1.4	-0.8	0.2	0.4	4.1	2024
2024	1.0	1.4	2.2	2.6	3.1	3.3	3.2	3.0	3.3	3.3	3.1	2.8	0.2	2025
2025	2.6	2.9	2.7	2.7	2.5	2.8	3.4	3.3	3.3	3.3	2.9	3.1	2.9	2026
2026	-	-	-	-	-	-	-	-	-	-	-	-	3.0	2027

PA 152, Proposed Amendment

Update, Status of Amended PA 152 bill:

The MI House and Senate each introduced bills throughout 2024 to modify PA 152

In late 2024, the Michigan Senate passed a proposed bill and the House agreed to the full title

The bill was referred to the House Clerk for enrollment printing and presentation to the Governor

House adjourned without a quorum

Bill was not presented to Governor Whitmer for signing

New legislative session began, bills not sent to Governor, creating litigation

Late October 2025, Appeals Court ruled that house republican leadership must transmit bills to Governor Whitmer's desk, which includes PA 152 updates (HB 6058)

In December, the House appealed to the state Supreme Court, where some feel the result will be consistent with the Appeals Court ruling....but will Gov Whitmer sign?



HB 6058

House Bill 6058: Modify

Modifies both Hard Cap and 80/20 Rules

80/20 Change:

- Currently states public employer can pay no more than 80%.
- Proposed language changes to not less than 80%

Introduces “greater than” language for annual hard cap increases:

- Original bill still used medical care component of US CPI. CHANGED TO “....change in the medical care component of the average of the Michigan health insurance rates, as approved by the department of insurance and financial services,”
OR
- 3%



House Bill 6058: Modify

Hard Cap Changes

Adjusted 2025 cap “reset” +7.2% from CY 24, previously +0.2%

Adjustment of 2 Person Cap vs. Single Cap

- Current 2 Person Cap is 2.091 x Single - proposed phase in:

2.2 x Single
Cap for 2026

2.3 x Single
Cap for 2027

2.4 x Single
Cap for 2028

- 2nd time 2 Person Cap has changed.
(PA 270 of 2014 changed from 2.0x to 2.09x)



House Bill 6058: Impact

Hard Cap calculation (continued)

Now that the hard cap is no longer tied to the US medical care component CPI, this new bill utilizes Michigan health insurance rates approved by DIFS

- Annually, any carrier selling individual or small group insurance in MI must request rating approval from the state. We assume this act ties to **small group rate trend and not individual market rates**
- PROBLEM: Small group rate increases reflect the “average change for the upcoming year. Individual rate changes will vary by plan, age, geographic area, and tobacco status.”¹ In other words, metal tier groups

This composite trend is weighted by pct of enrollment in total insured state pool. Therefore, a large carrier like BCBSM can greatly impact this pct (65% of pool)

These annual increases ARE NOT TREND, rather are projected rate increases that include carrier margin/profit. These figures are trend plus margin!



¹ Department of Insurance and Financial Services 2025 Michigan Health Insurance Rate Change Requests. Small Group Market (APPROVED)

House Bill 6058: Impact on Budget

Historical table of DIFS approved small group trend

Year	Small Group DIFS Composite Percentage Change	Note
2017	+2.5%	Approved by DIFS
2018	+4.0%	Approved by DIFS
2019	-0.2%	Proposed to DIFS
2020	+3.6%	Proposed to DIFS
2021	+1.5%	Proposed to DIFS
2022	+7.1%	Approved by DIFS
2023	+5.8%	Proposed to DIFS
2024	+7.0%	Approved by DIFS
2025 *	+11.3%	Approved by DIFS
2026 *	+11.1%	Approved by DIFS
10 Year Average	+5.34%	
Five Year Avg (Post Covid)	+8.46%	



* Note: 2025 and 2026 trends include both margin and catch up for GLP-1 usage explosion

Hard Cap Numbers

	2025	2026	2026 (if HB 6058 effective) ^a	2027 (estimated, existing PA 152) ^b	2027 (if HB 6058 effective)*
Single	\$7,718.26	\$7,942.09	\$9,175.24	\$8,180.35	\$10,184.51
Two-person	\$16,141.28	\$16,609.38	\$20,185.52	\$17,107.66	\$23,424.38
Family	\$21,049.85	\$21,660.30	\$25,023.43	\$22,310.11	\$27,776.01

^aAssumes the 7% increase to 2025 hard caps that was outlined in the bill as well as an assumed 11.1% hard cap increase for 2026

^bAssumes a 3% increase to the current, 2026 PA 152 hard caps

^cAssumes an 11% increase to the hard caps shown in the table for 2026 if HB 6058 effective

- Using a sample distribution of 30 singles, 15 two-person and 55 family contracts per 100 employees, the assumed 2026 hard cap amount would cost districts approximately \$260,000 per 100 employees
- Anecdotally, most Michigan public schools are paying at least 80% of total healthcare costs today
- The calculated hard cap for 2027 if HB 6058 was effective represents roughly a 34% increase in employer spend compared to the 2025 PA 152 hard cap

HB 6058 Impact Using a Sample District

	2025	2026	2026 (if HB 6058 effective) ^a	2027 (estimated, existing PA 152) ^b	2027 (if HB 6058 effective)*
Employer Spend (per 100 EE's)	\$1,530,000	\$1,580,000	\$1,840,000	\$1,620,000	\$2,050,000
Annual Employee Family Contribution ^d	\$1,200	\$2,500	(\$900)	\$4,300	(\$1,200)
% ER Contribution ^e	90%	85%	99%	80%	101%

^aAssumes the 7% increase to 2025 hard caps that was outlined in the bill as well as an assumed 11.1% hard cap increase for 2026

^bAssumes a 3% increase to the current, 2026 PA 152 hard caps

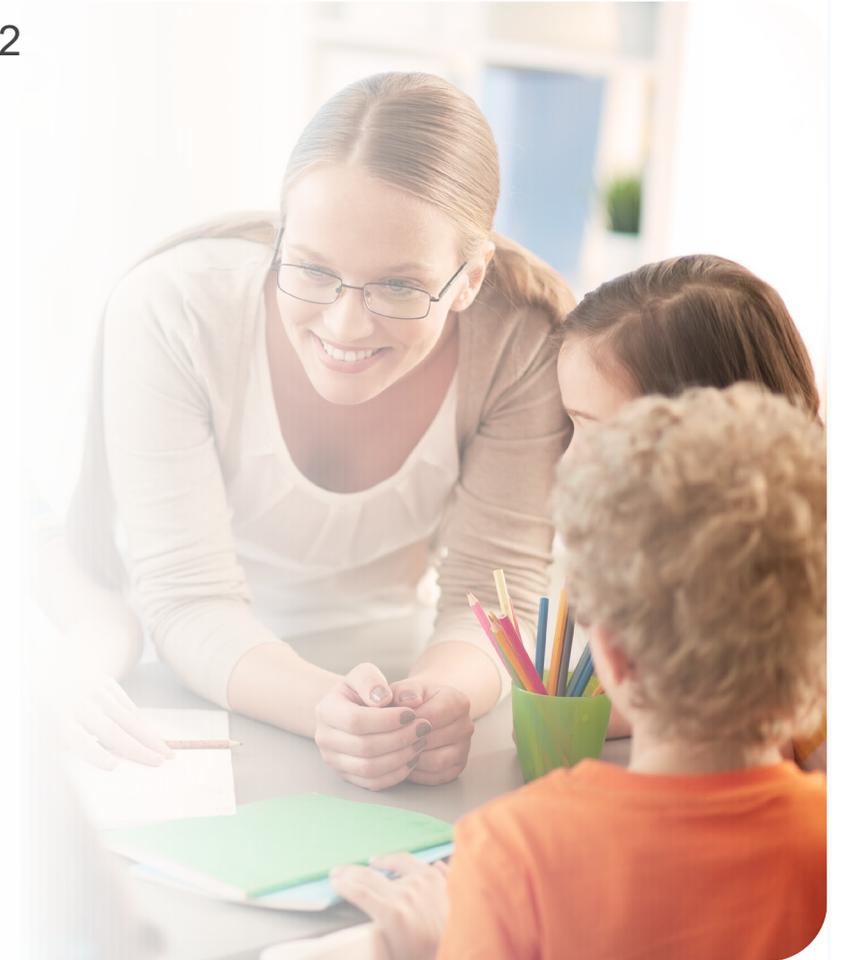
^cAssumes an 11% increase to the hard caps shown in the table for 2026 if HB 6058 effective

^dAssumes a \$2,000/\$4,000 100% HSA plan

^eBased on a sample district

HB 6058: Hypothetical Alternate Strategy

- Bargain an agreed upon percentage increase based on the original PA 152 hard cap for 2025 to set a future hard cap (e.g. increase 2025 hard caps by 17% to set a hard cap for 2027)
- Agree to increase future year hard caps by a set percentage (e.g. 4% or 5%)
- If district cost share falls below 80% of total cost, parties agree to reopen and negotiate plan designs that get the district cost share back to 80%
- Agreement needed on calculation process
- Simplicity will be key
- This is NOT bargaining advice. Work with your labor attorneys.



Alternative Strategy

	2026	2026 (if HB 6058 effective) ^a	2027 (estimated, existing PA 152) ^b	2027 (if HB 6058 effective) ^c	2027 (if HB 6058 effective; negotiated alternative structure) ^d
Employer Spend (per 100 EE's)	\$1,580,000	\$1,840,000	\$1,620,000	\$2,050,000	\$1,820,000
Annual Employee Family Contribution ^e	\$2,500	(\$900)	\$4,300	(\$1,200)	\$1,900
% ER Contribution ^f	85%	99%	80%	101%	89%

^aAssumes the 7% increase to 2025 hard caps that was outlined in the bill as well as an assumed 11.1% hard cap increase for 2026

^bAssumes a 3% increase to the current, 2026 PA 152 hard caps, 2.2 multiple for 2P hard cap and a 10% increase to health insurance rates

^cAssumes an 11% increase to the hard caps shown in the table for 2026 if HB 6058 effective, 2.3 multiple for 2P hard cap and a 10% increase to health insurance rates

^dAssumes a 17% increase to 2025 PA 152 hard cap numbers, 2.3 multiple for 2P hard cap and a 10% increase to health insurance rates

^eAssumes a \$2,000/\$4,000 100% HSA plan

^fBased on a sample district

PA 152: Next Steps

- If signed, do all changes apply retroactively?
- Would public employers be expected to refund employees for contributions made in 2025 and thus far in 2026? Tax implications?
- Contracts bargained under PA 152 after January 1, 2025 would conflict with new requirements. Grievances? Reopeners? Inconsistent interpretations?
- Legislative language at points is contradictory and would require clarification from the State of Michigan
- For most organizations, would cause a significant cost increase; Layoffs?
- Discuss with:

Internal
Management Team

Internal /
External Legal

Healthcare
Consultant



2

What Can We Do As Healthcare Consumers



A **health savings account, or HSA**, is a convenient way to cover qualified medical costs — take advantage of yours

Same doctors, same network, same network discounts

- Helps offset monthly insurance premiums
- HSA deposits aren't taxed or are tax-deductible
- HSA qualified plans provide 100% coverage for certain preventive care

Save for the future:

- HSA funds roll over from year to year and never expire
- Money placed in your HSA account belongs to you
- Tax-free interest and investment earnings

You benefit from the triple-tax savings of a health savings account that lets you:

- **Save** money in your account tax-free
- **Earn** interest or invest those funds to grow your account tax-free
- **Pay** for qualified medical expenses with tax-free funds

The HSA funds can be used by you, your spouse or taxable dependents.

Qualified medical expenses include items such as:

- Copays, coinsurance and deductibles
- Over-the-counter drugs (now without prescription)
- Chiropractors
- Contact lenses and solutions
- Eye surgery
- Orthodontic fees
- Psychiatric care
- Women's menstrual products

Avoiding Unnecessary Care

(To be clear: if you need care, get it!)

- In healthcare, our utilization drives our cost
 - This is not a bad thing; just a good point of awareness
 - Example: preventive care
- Simple practices, like asking questions during a doctor's office visit, can save us a lot of money
- The fact that we can get a service or supply doesn't mean we need that service or supply



Let's look at an example



Case Study

Having a conversation with a provider

Background	Approach / Solutions	Results Achieved
<ul style="list-style-type: none">• Visited urgent care center for extended sore throat and cough	<ul style="list-style-type: none">• Provider recommended strep test, COVID test and flu test• Asked provider to limit testing to strep	<ul style="list-style-type: none">• Eliminated inflated cost of COVID and flu tests• Avoided unnecessary deductible out of pocket cost• Opened opportunity to access COVID and flu tests at a retail store for a fraction of the cost

Maintaining our Health

- 

Engage with preventive health visits; we can't manage a condition we don't know we have. Manage conditions we do have.
- 

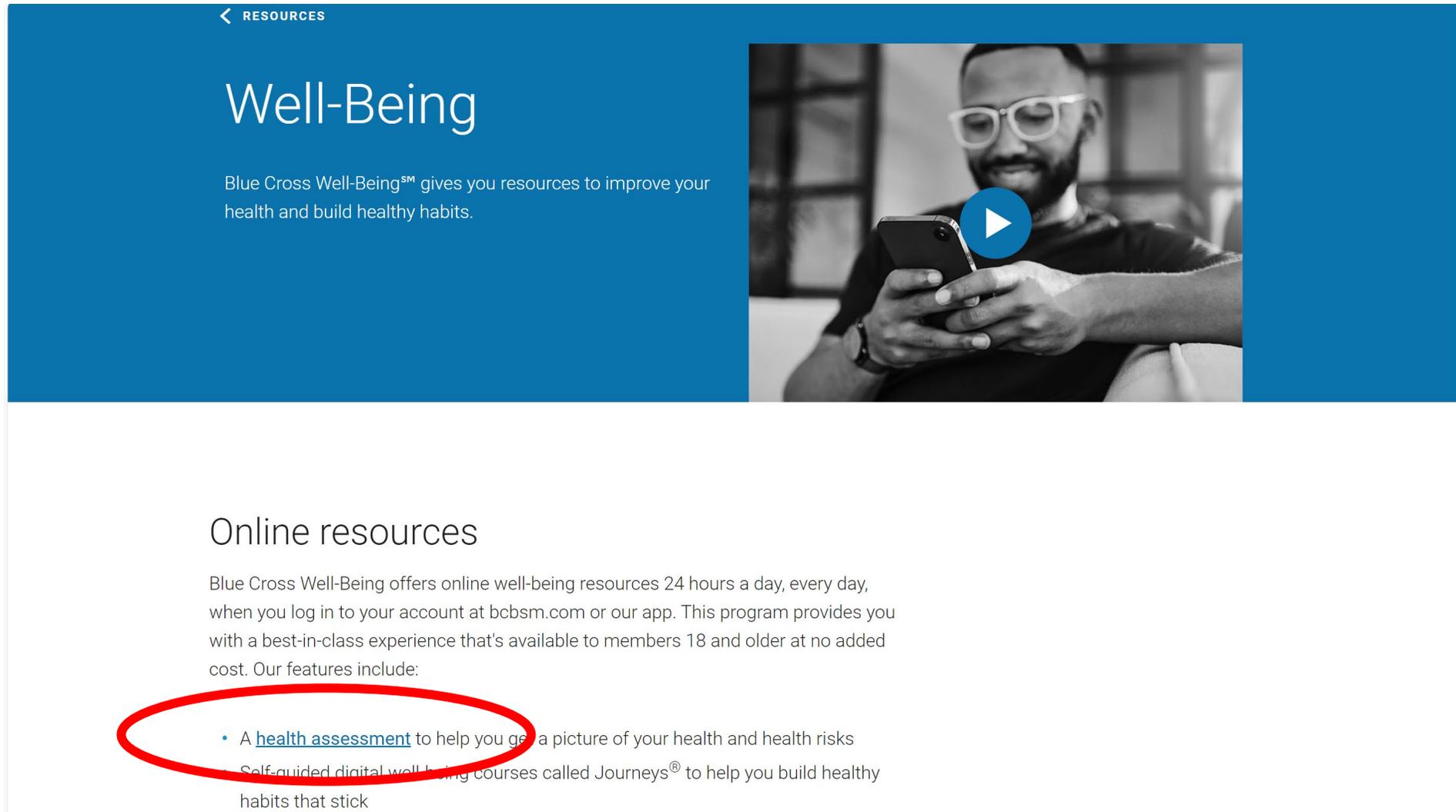
Understand and access the health management tools that are available through your doctor and health plan (e.g. condition management resources, virtual health coaching, etc.)
- 

Consider site of care alternatives when appropriate (e.g. virtual care through Teledoc, primary care, urgent care, emergency room)
- 

Other virtual site of care alternatives are available for things like physical therapy and mental health care



Example Wellbeing Resource



The screenshot shows a mobile app interface with a blue header. At the top left, there is a back arrow and the word "RESOURCES". The main heading is "Well-Being" in large white text. Below it, a paragraph reads: "Blue Cross Well-BeingSM gives you resources to improve your health and build healthy habits." To the right of this text is a video player showing a man with glasses looking at his phone, with a blue play button overlay. Below the video, the section "Online resources" is followed by a paragraph: "Blue Cross Well-Being offers online well-being resources 24 hours a day, every day, when you log in to your account at bcbsm.com or our app. This program provides you with a best-in-class experience that's available to members 18 and older at no added cost. Our features include:" A red circle highlights the first bullet point: "• A [health assessment](#) to help you get a picture of your health and health risks". Below this, another bullet point is partially visible: "• Self-guided digital well-being courses called Journeys[®] to help you build healthy habits that stick".

These additional benefits were designed to help address your whole health needs and round out robust coverage for 2026



Care delivery:

- Nationwide network of Blue Plan providers
- Walk-in clinics
- Virtual Primary Care for PPO
- Virtual urgent care and mental health care
- 24-Hour Nurse Line



Behavioral health care:

- Blue Cross Well-BeingSM
- Blue Cross Virtual Well-BeingSM
- Tobacco cessation coaching
- Virtual mental health care
- Crisis care services



Condition management:

- Blue Cross Coordinated CareSM Core
- Diabetes Prevention
- Diabetes Management
- Hypertension
- Weight Management
- Cancer Support
- Maternity and Menopause
- Spine and Joint Care



Member experience:

- Blue 365[®] member discounts
- Member account through bcbsm.com and our BCBSM mobile app
- ahealthiermichigan.org

Set up your secured online account

Enjoy the convenience — and freedom — you get with your account:

- Check your claims, out-of-pocket balance and what your plan pays for your health care costs.
- View your claims and explanation of benefits statements.
- Receive emails or text messages with real-time status updates of your prior authorization or referral requests.
- Find care and look up costs for health care services.
- Show your virtual member ID card.

Plus, find member discounts, health and well-being resources and more.

Create your account:

Visit bcbsm.com/onlineaccount

Get the app:

Scan this QR code or
visit bcbsm.com/app



If you need help, call the Web Support Help Line at **1-888-417-3479 (TTY: 711)**.



Blue Cross Blue Shield of Michigan and Blue Care Network are nonprofit corporations and independent licensees of the Blue Cross and Blue Shield Association.

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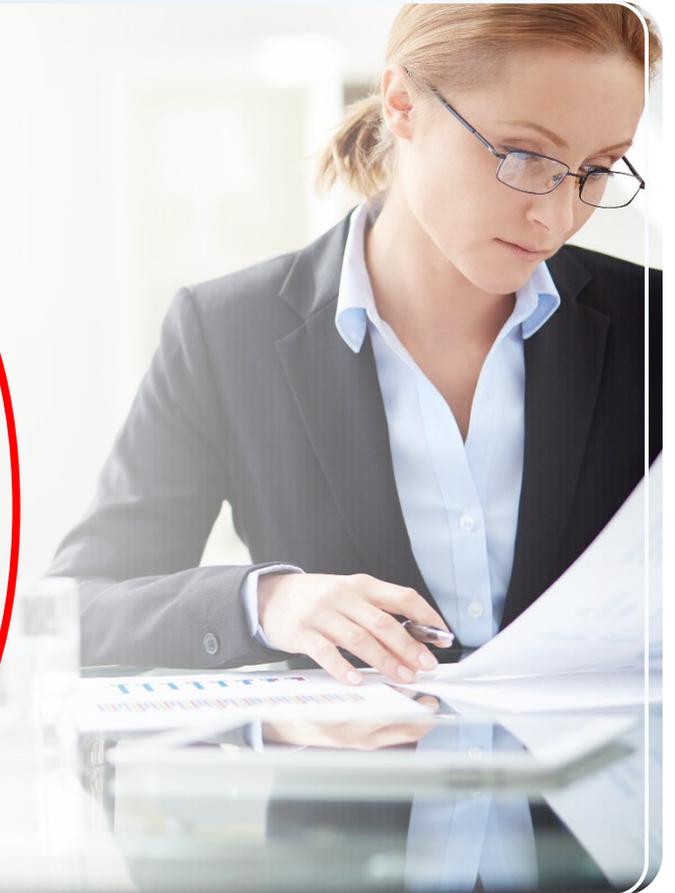
Reading an Explanation of Benefits (EOB)

Can help us as consumers keep money in our pockets and help contain health insurance costs

EXPLANATION OF BENEFITS

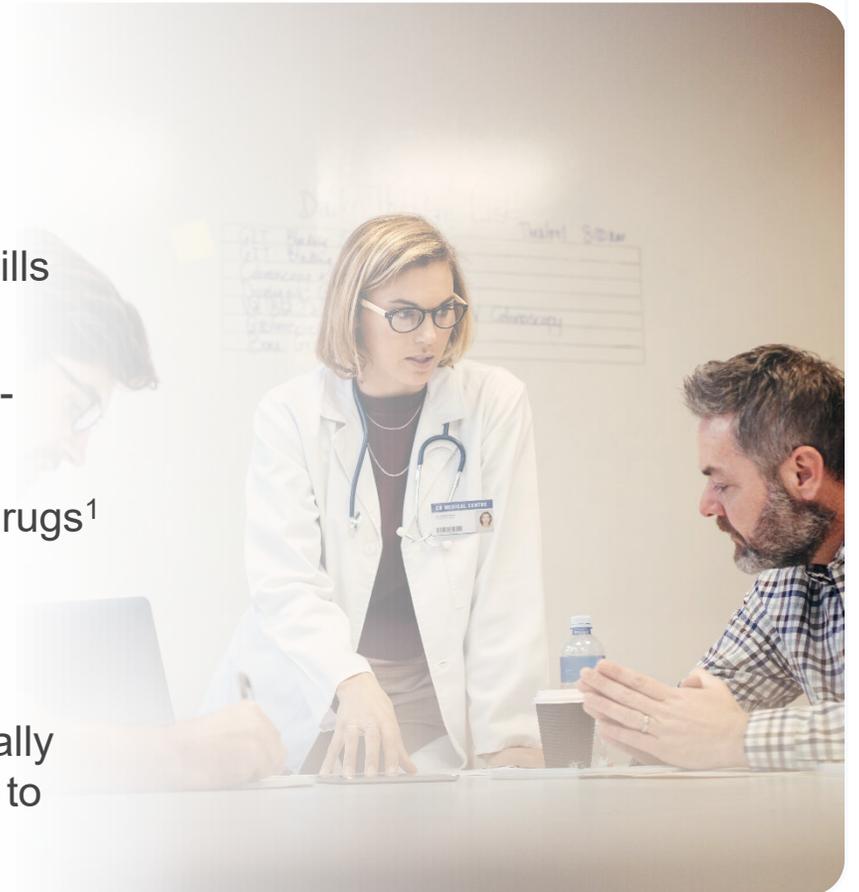
Service Description	Service Dates	Amount Billed	YOUR BENEFITS APPLIED			YOUR RESPONSIBILITY				Your Total Costs
			Discounts and Reductions	Amount Covered (Allowed)	Health Plan Responsibility	Deductible Amount	Copay Amount	Coinsurance	Amount Not Covered	
Physical History	01/20/2026	300.00	(1) 151.73	148.27	148.27					0.00
Performance Measures	01/20/2026	0.00								0.00
Performance Measures	01/20/2026	0.00								0.00
Performance Measures	01/20/2026	0.00								0.00
Performance Measures	01/20/2026	0.00								0.00
Performance Measures	01/20/2026	0.00								0.00
CLAIM TOTALS		\$300.00	\$151.73	\$148.27	\$148.27	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

(1) The amount billed is more than what is allowed for this service. Your provider should not bill you for any balance over what is allowed.



Shopping for Prescriptions

- Prescription costs are continually variable
- Retailers will incentivize you to fill your prescriptions at their location
- Ask your doctor if there are equally safe, equally effective, less expensive alternatives for your prescription
- Taking one stronger dose pill will be cheaper than taking two lower dosage pills twice a day; ask your doctor if your medication applies¹
- Use your Blue Cross member account to compare drug prices and find an in-network preferred pharmacy¹
- Choose generic drugs, which are just as safe and effective as name-brand drugs¹
- Buying in bulk can save you money, as long as it isn't a specialty drug¹
- Use home delivery for maintenance medications¹
- Consider direct to consumer tools such as GoodRx. Note: these tools generally must be used outside of insurance (out of pocket expenditures will not apply to deductible nor out of pocket maximums)



¹ Source: Blue Cross Blue Shield of Michigan

Cost Management

What's the latest in Direct Primary Care

Between 2014 and 2024, 2/3 of Michigan's counties experienced a patient to PCP ratio worsen, some by more than 20% Marathon

What is DPC?

- It can be a program where individuals pay a physician directly for concierge and personalized healthcare services
 - Physicians in this model increased from 5% (2022) to 10% (2023)
American Academy of Family Physicians
 - HSA disqualification issues that must be followed. Max cost and services to remain compliant
- Onsite/near site health and wellness centers
 - Some activity in Michigan market, especially Oakland County

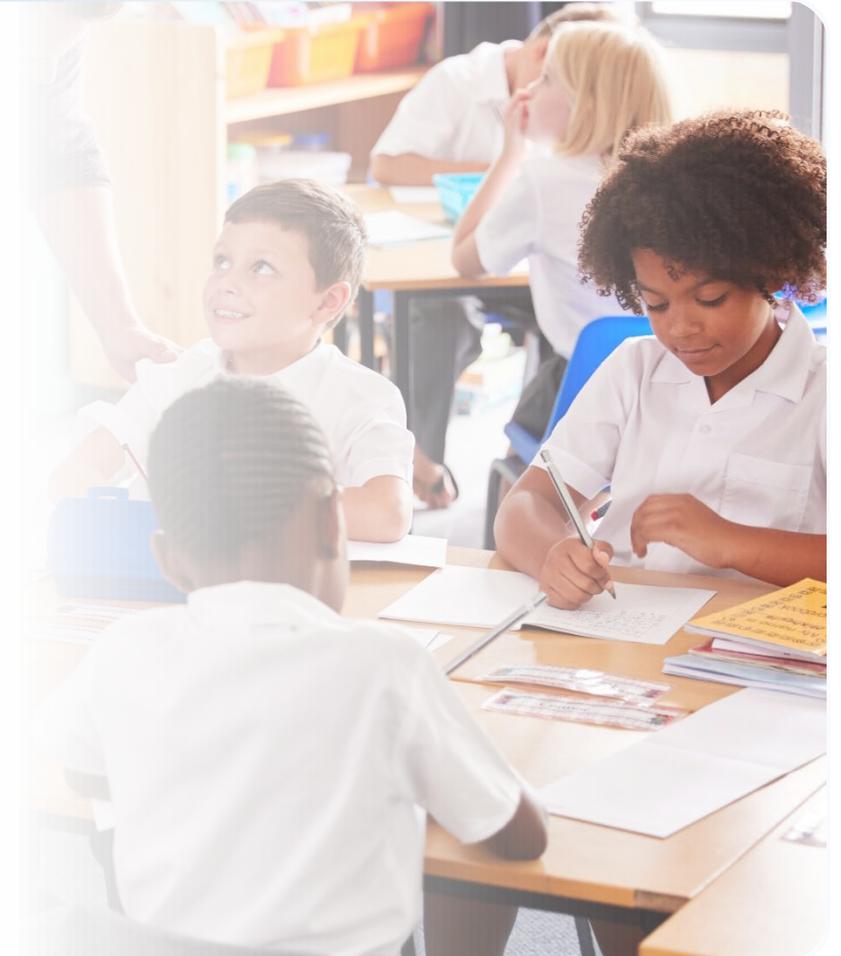
Both models are becoming increasingly explored, especially as we face a growing shortage in primary care/family practice physicians

While not for every individual or employer, we want to share the latest news

Direct Primary Care

Direct Primary Care Potential Benefits

- Attraction/retention improvement
- Potential cost reduction: Reductions in per service cost, improved engagement, soft cost reduction. ROI not perfectly quantifiable
- Improved member engagement, with longer one on one appointments
- Wellness hub
- Improve access for employees
- Waive copays (unless HSA, then minimal charge)
- Free generic drugs on site
- Health coaching



Direct Primary Care

Direct Primary Care Latest Updates

Some Market Players (Consolidation)

1. Premise (acquired CareHere)
2. Marathon (acquired Everside, Activate (Union), Paladina and Healthstat)
3. CareATC
4. SALTA (MI Only)
5. Plum Health (MI Only)
6. Health Systems in MI (Ascension, Henry Ford, Corewell)

Mid-Market Model

1. Mid to Large Employer's collaborate;
2. Use reciprocal Agreements to allow Employer's to open their Center to other Employer's and create a Network (MI- use the Urban Cooperation Act (UCA))



Current Market (MI)

Marathon Health is partnering with Trade groups and Municipalities in MI. They are investing CapEx to build out Centers upon Employer's signing LOI's. Currently, Oakland County, six cities in Oakland County (MiLife), Local 636 (Pipefitters) and Local 98 (Plumbers) have committed to Marathon. Oakland County and the six cities are entering into an Inter-Local Agreement, a strategic partnership to expand the services offered to employees, and to add Center locations throughout Oakland County to enhance access to healthcare.

What is a Direct Contract Arrangement

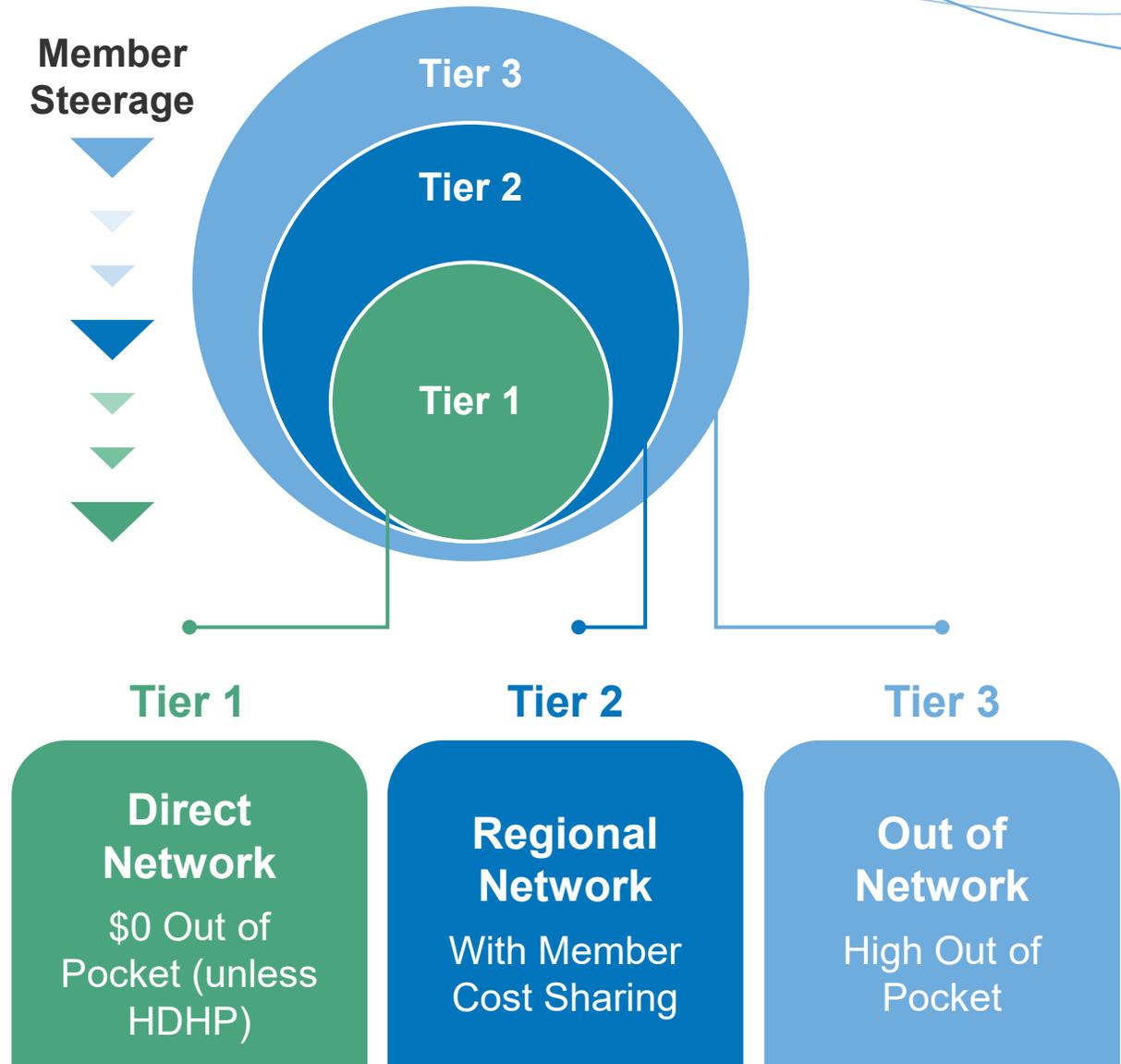
Incentive-Driven, Three Tier Network Design, usually with a central hospital system as the tier 1 network

Hypothetical savings if a hospital system will provide greater discounts vs. Insurance carrier PPO fee structure

Bridging the Member <> Provider Gap

Members are informed of options, guided to care, and satisfied with their employer-sponsored health benefits.

- High-Touch Member Steerage
- Omni-Channel Navigation
- Member Advocacy & Education
- Pro-Active Intervention ✓ Appointment Scheduling Support



3

Recent Announcements

Initiatives from Washington D.C.



TrumpRx

Background & Context

Most-Favored Nation (MFN) Pricing:

Manufacturers would commit to price drugs for US consumers no higher than the lowest price they charge comparable countries.

Direct Manufacturer Sales:

The government will "facilitate direct-to-consumer" purchasing programs for drugmakers that offer MFN pricing.

Imports of branded drugs:

May face 100% tariffs unless the manufacturer agrees to onshore production or participate in discount programs.

Manufacturer Engagement:

The Trump administration has sent letters to major drug companies demanding lower pricing and outlining expectations.



Source: [TrumpRx](#)

Source: IPD Analytics 'Rx Brief: Potential impact of Tariffs on Pharmaceutical Industry'

Source: IPD Analytics 'Legislation and Governmental Insights_Executive Order on Most-Favored Nation Pricing'

The Great Healthcare Plan

Announced by President Trump on January 15, 2026

- Lower drug prices
 - Most-Favored-Nation deals
 - Increased access to verified, safe pharmaceuticals over-the-counter
- Lower insurance premiums
 - Send money directly to the American People for them to buy their own health insurance
 - Fund cost-sharing reduction program
 - Cut kick back costs - "End kickbacks from pharmacy benefit managers to the large brokerage middlemen that deceptively raise the cost of health insurance."
- Hold big insurance companies accountable
 - Requirement to publish rate and coverage comparisons upfront on their websites in plain English
 - Requirement to publish the percentage of revenues used to pay claims versus overhead and profits
 - Requirement to publish the percentage of claims rejected and wait times for routine care
- Maximize price transparency
 - Public posting of pricing and fees for any healthcare provider or insurer who accepts Medicare or Medicaid

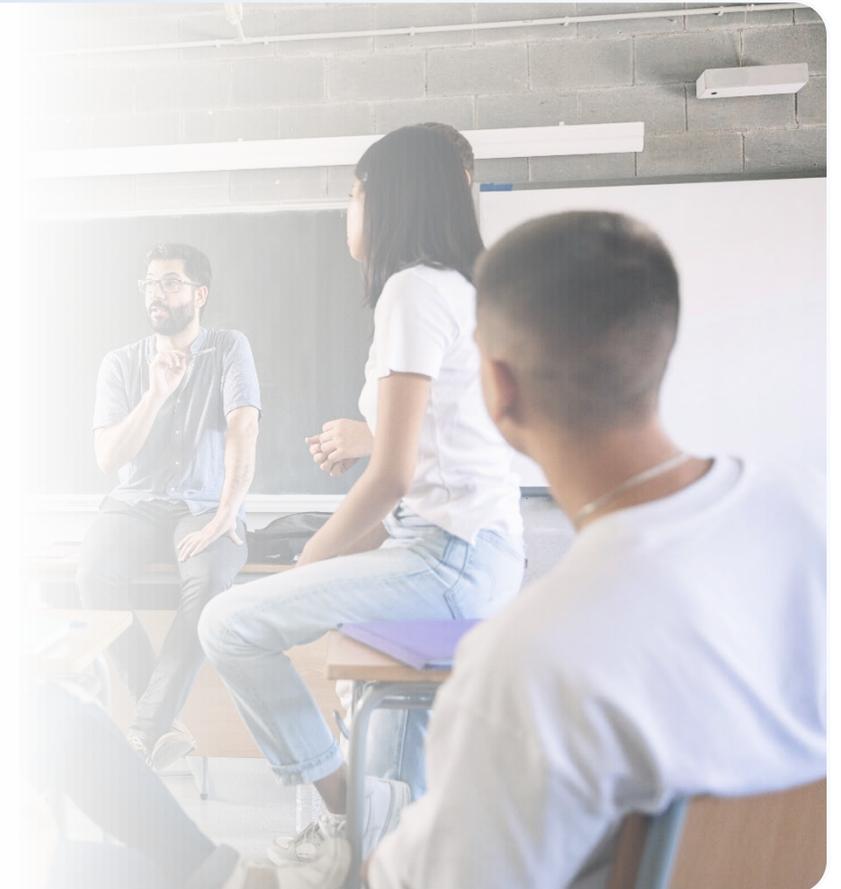


Source: [Whitehouse.gov](https://www.whitehouse.gov)

Additional Pharmacy News

A Flurry of Events and Headlines

- The Consolidated Appropriations Act (CAA), 2026 signed on Feb. 3, 2026
 - 100% rebate pass-through
 - Full compensation disclosure by PBMs
 - Audit rights for large, self-funded plans with 100+ members
- DOL proposed regulations released January 20, 2026
 - Pre-contract disclosure: PBMs must disclose all direct and indirect compensation before a contract is signed or renewed
 - Disclosure, semi-annually of actual PBM compensation compared to estimated compensation
 - Disclosure of financial incentives to favor certain drugs or affiliated pharmacies
 - Audit mandate to verify the accuracy of all PBM disclosures
- Express Scripts FTC settlement announced February 4, 2026
 - Aimed at driving added transparency
 - Rules that ESI must provide covered access to the direct to consumer (DTC) market including TrumpRx allowing those purchases to count toward deductibles and out of pocket maximums



Questions?

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Participate in our National Benefits
Strategy and Benchmarking Survey
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