

**SUBSTITUTE FOR  
SENATE BILL NO. 459**

A bill to ensure access to quality health care and the availability of qualified health plans in this state without expanding government assistance programs; to promote the availability and affordability of health care coverage in this state; to create a mechanism for residents of this state to secure essential health benefits; to establish a regulatory program for a private marketplace and data interface; to create a fund; to provide for the powers and duties of certain state and local governmental officers and entities; and to allow for the promulgation of rules.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. (1) This act shall be known and may be cited as the  
2       "patient-centered care act".

1           (2) As used in this act, the words and phrases defined in  
2 sections 3 to 5 have the meanings ascribed to them in those  
3 sections.

4           Sec. 3. (1) "Department" means the department of community  
5 health.

6           (2) "Director" means the director of the department.

7           (3) "Exchange" means an entity licensed under this act to  
8 provide a marketplace for residents to secure essential health  
9 benefits through a qualified health plan or government assistance  
10 program. Exchange does not include an American health benefit  
11 exchange operating in this state that is operated by the federal  
12 government or pursuant to a federal-state partnership.

13           (4) "Federal act" means the patient protection and affordable  
14 care act, Public Law 111-148, as amended by the health care and  
15 education reconciliation act of 2010, Public Law 111-152.

16           (5) "Fund" means the low-income trust fund created in section  
17 11.

18           (6) "Government assistance" means financial assistance  
19 received from a government assistance program.

20           (7) "Government assistance program" means a program of health  
21 care assistance offered by a federal, state, or local governmental  
22 entity including, but not limited to, medicaid, medicare, the  
23 MICHild program, the veterans health administration, and any other  
24 program of health care assistance identified by the department.

25           Sec. 5. (1) "Medicaid" means a program for medical assistance  
26 established under title XIX of the social security act, 42 USC 1396  
27 to 1396w-5, and administered by the department of community health

1 under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

2 (2) "Medicare" means the federal medicare program established  
3 under title XVIII of the social security act, 42 USC 1395 to  
4 1395kkk-1.

5 (3) "Qualified health plan" means a benefit plan that is  
6 certified as a qualified health plan under section 7.

7 (4) "Resident" means an individual who is a citizen of the  
8 United States, who voluntarily lives in this state with the  
9 intention of making his or her home in this state and not for a  
10 temporary purpose, and who is not receiving public assistance from  
11 another state.

12 Sec. 7. (1) For the purpose of available coverage choices for  
13 residents, the department shall certify as a qualified health plan  
14 a benefit plan that complies with 42 USC 18021 or 42 USC 18022 and  
15 that meets the requirements of this section. If the federal act is  
16 repealed or the department determines that it is no longer  
17 effective in this state, a benefit plan does not need to comply  
18 with 42 USC 18021 or 42 USC 18022 to be certified as a qualified  
19 health plan under this section.

20 (2) In certifying a benefit plan as a qualified health plan  
21 under this section, the director shall ensure that the benefit plan  
22 meets all of the following requirements:

23 (a) Is offered by a health insurer issuer as described in 42  
24 USC 18021(a)(1)(C).

25 (b) Offers access to quality health care by providing coverage  
26 under a package of benefits that is equal to or greater than that  
27 required as an essential health benefits package as defined in 42

1 USC 18022. The department shall consider all of the following when  
2 makings its determination under this subdivision:

3 (i) The availability in the package of benefits under a  
4 traditional insurance option.

5 (ii) The availability in the package of direct primary care  
6 services.

7 (iii) The availability in the package of fee-for-service  
8 options, but only if there is a sufficient balance in the benefit  
9 package account to cover minimum essential benefits in combination  
10 with other coverage.

11 (iv) The availability in the package of any combination of the  
12 options described in subparagraphs (i) to (iii).

13 (c) For a purchaser who receives money from the fund that is  
14 attributable to a deposit pursuant to section 105c of the social  
15 welfare act, 1939 PA 280, MCL 400.105c, provides coverage for  
16 elective abortions only by an optional rider for which an  
17 additional premium has been paid by the purchaser from his or her  
18 own money and not from any money attributable to a deposit  
19 described in this subdivision.

20 (3) A health insurer that offers a qualified health plan or an  
21 organization that offers a component of a qualified health plan on  
22 an exchange under this act to a resident who is also eligible for a  
23 government assistance program or any other taxpayer-funded subsidy  
24 shall disclose to the director, the exchange on which the qualified  
25 health plan is offered, and upon request to any individual, any  
26 contract or arrangement between the health insurer or organization  
27 and an exchange, and any contract or arrangement between the health

1 insurer or organization and any entity or organization providing,  
2 delivering, or arranging health care services for residents in  
3 connection with any qualified health plan offered by the health  
4 insurer or organization on an exchange under this act.

5       Sec. 8. (1) If the social welfare act, 1939 PA 280, MCL 400.1  
6 to 400.119b, is amended to provide that recipients of the medical  
7 assistance program and the MICHild program are migrated from those  
8 programs and enrolled in qualified health plans that include a  
9 health savings account component through an exchange as provided in  
10 this act, and money saved from that migration is deposited into the  
11 fund pursuant to section 105c of the social welfare act, 1939 PA  
12 280, MCL 400.105c, the director shall, subject to this section,  
13 expend the amount of money deposited into the fund for the benefit  
14 of those former recipients to pay any deductibles under high-  
15 deductible health insurance plan components of a qualified health  
16 plan as triggered by the health care services needed by the former  
17 recipients.

18       (2) The director shall not pay any deductibles under this  
19 section for services related to an elective abortion.

20       (3) The director shall continue to pay the deductibles allowed  
21 under this section for those former recipients until such time as  
22 each former recipient's individual health savings account balance  
23 is determined by the department to be actuarially sufficient to  
24 cover his or her deductibles.

25       (4) The director shall ensure that the level of benefits  
26 provided to a recipient of medicaid or the MICHild program on the  
27 day before the date of the migration and who is enrolled in a

1 qualified health plan as provided in this section is at the same  
2 level that the recipient received under the applicable program  
3 before the date of the migration.

4       Sec. 9. (1) The department shall establish and administer a  
5 program to license private entities as an exchange in this state.  
6 The granting of a license to a nongovernmental entity to be an  
7 exchange in this state is governed solely by this act and is not  
8 subject to federal regulations governing the establishment and  
9 operation of an American health benefit exchange under the federal  
10 act. The department shall develop an application form and require  
11 the submission of documents and information sufficient to determine  
12 if the applicant is eligible for a license or renewal of a license  
13 as an exchange under this section. The director shall issue a  
14 license or renewal of a license to a person who applies to be an  
15 exchange in this state and who meets all of the following  
16 requirements:

17       (a) The individuals who are identified as being a part of or  
18 associated with the exchange are of good moral character as defined  
19 in section 1200 of the insurance code of 1956, 1956 PA 218, MCL  
20 500.1200.

21       (b) The person submits with a license or license renewal  
22 application a plan of operation that details its ability to meet  
23 the requirements of this section.

24       (2) The department shall investigate and determine the merits  
25 of each application submitted by a person under this section. The  
26 department may request additional information from an applicant or  
27 licensee under this section. An applicant or licensee shall comply

1 with requests for additional information from the department in a  
2 timely manner.

3 (3) In addition to criteria established by the department  
4 under this section, the department shall determine that the  
5 exchange to be operated by the applicant or licensee meets all of  
6 the following requirements before issuing a license or license  
7 renewal under this section:

8 (a) Except as otherwise provided in this subdivision, is  
9 designed to offer 1 or more qualified health plans to residents. If  
10 the federal act is repealed or the department determines that it is  
11 no longer effective in this state, an exchange does not need to be  
12 designed to offer 1 or more qualified health plans to residents.

13 (b) Will comply with all data security requirements  
14 established by the department for an exchange under this act.

15 (c) Is designed so that the enrollment process provides a  
16 resident with the option to provide information necessary to  
17 determine the resident's eligibility for government assistance  
18 programs.

19 (d) Will ensure accuracy in all aspects of the operation of  
20 the exchange.

21 (e) Will operate with fiscal solvency.

22 (f) Will seamlessly and securely make data transmissions that  
23 are required under this act.

24 (g) Will convey government assistance program eligibility  
25 information to residents.

26 (h) Will comply with any other applicable federal or state law  
27 governing the privacy of any personally identifying information or

1 health or medical information of a resident.

2 (i) Will ensure that a resident who is eligible for a  
3 government assistance program receives a discount from the base  
4 cost of a benefit package in a manner that will enable the resident  
5 to realize 100% of the value of the government assistance program.

6 (j) If the department determines that the conveyance of  
7 government assistance through an exchange is not allowed under the  
8 federal act, will be authorized to issue a coupon to a resident who  
9 is eligible for government assistance that may be redeemed by the  
10 resident at the government assistance portal or other appropriate  
11 state or local agency.

12 (4) In developing security standards and data transmission  
13 requirements applicable to an exchange under this act, the  
14 department shall ensure all of the following:

15 (a) That no information beyond that information necessary to  
16 determine eligibility for government assistance programs is  
17 transmitted to any person outside of the exchange.

18 (b) That a standardized data schema is used for exchanges to  
19 collect the information that is necessary to determine eligibility  
20 for government assistance programs and convey information  
21 pertaining to that eligibility.

22 (5) The department shall develop and maintain a government  
23 assistance portal for use by exchanges and, if the department  
24 determines appropriate, by government assistance programs that  
25 facilitates the receipt and transmission of data but only for uses  
26 approved by the department under this act.

27 (6) The department shall reconcile eligibility for multiple



1 government assistance programs to ensure that benefit eligibility  
2 is determined in the context of cumulative benefits received as a  
3 means of reducing duplication of benefits and fraud.

4 (7) The department shall request the United States department  
5 of health and human services for a determination of whether an  
6 exchange to be licensed under this section will be considered to  
7 meet the qualifications of an exchange for the purposes described  
8 in 41 USC 13031. If the department determines that an exchange to  
9 be licensed under this section will not meet the qualifications of  
10 an exchange for the purposes described in 41 USC 13031, the  
11 department shall only issue a license under this section to  
12 nonprofit entities that meet those qualifications.

13 (8) The department shall give an applicant for a license or a  
14 license renewal the opportunity to elect to operate as an exchange  
15 in this state outside of the requirements of 41 USC 13031. A  
16 licensee that made the election described in this subsection shall  
17 otherwise operate the exchange in compliance with this act.

18 Sec. 11. (1) The low-income trust fund is created within the  
19 state treasury.

20 (2) The state treasurer may receive money or other assets from  
21 any source for deposit into the fund. The state treasurer shall  
22 direct the investment of the fund. The state treasurer shall credit  
23 to the fund interest and earnings from fund investments.

24 (3) Money in the fund at the close of the fiscal year shall  
25 remain in the fund and shall not lapse to the general fund.

26 (4) The department is the administrator of the fund for  
27 auditing purposes.

1           (5) The director shall expend money from the fund only for the  
2 purposes of implementing and administering this act and for any  
3 other purpose enumerated in this act.

4           Sec. 13. The department may promulgate rules under the  
5 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
6 24.328, that are necessary to implement sections 7, 8, 9, and 11.

7           Enacting section 1. This act does not take effect unless  
8 Senate Bill No. 460 of the 97th Legislature is enacted into law.