

A SUMMARY OF HOUSE BILL 4935 AS INTRODUCED 6-10-91

The bill would amend the Nonprofit Health Care Corporation Reform Act to add a new section regulating the "administrative services only" (ASO) business of Blue Cross and Blue Shield of Michigan. Generally speaking, ASO services are administrative services, such as claims processing, provided for a self-insured health benefit plan. The bill for the most part contains a listing of prohibited acts, particularly regarding the misrepresentation of coverage and the processing of claims, as well as remedies and penalties for dealing with violations. The bill's provisions parallel those already found elsewhere in the act (at 550.1402) applying to certificates of Blue Cross-Blue Shield, and in the Third-Party Administrator Act (MCL 550.901 et al.), which applies to entities engaging in the business of providing administrative services for self-insured benefit plans. Under the bill, the term "certificate" in the act would no longer cover ASO contracts, and so provisions that apply to certificates would not apply those kind of contracts. The bill would, as a result, allow Blue Cross-Blue Shield to provide administrative services only and cost-plus arrangements for any noninsured health benefit plan subject to the requirements found in one current section of the act (section 211) and the new section (section 211a) created by the bill. (The bill would define "noninsured health benefit plan" as a health benefit plan without coverage by an insurance company, Blue Cross-Blue Shield, a health maintenance organization, or the portion of a health benefit plan without such coverage that has a specific or aggregate excess loss coverage.)

The bill would also require the corporation to report with its annual statement the amount of ASO business it has conducted and the insurance commissioner would be required to transmit the information annually to the state revenue commissioner. The insurance commissioner would have to submit to the legislature on April 1, 1992, a report detailing the impact of the corporation's ASO activities (and similar activities under other laws) and, in consultation with the revenue commissioner, the total financial impact on the state for the preceding legislative biennium.

MCL 550.1104 et al.