

# HOUSE BILL No. 5878

June 1, 1992, Introduced by Reps. Bennane and DeMars and referred to the Committee on Social Services and Youth.

A bill to create a state medical malpractice insurance premium fund for certain health care providers; to provide for the administration of the fund; to prescribe the powers and duties of certain state agencies and departments; and to provide for the promulgation of rules.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. As used in this part:

2       (a) "Association" means a health facility or agency, or a  
3 professional corporation that provides medical services, or an  
4 organization, partnership, cooperative, or other legal entity  
5 that provides medical services.

6       (b) "Director" means the director of public health.

7       (c) "Fund" means the state medical malpractice insurance  
8 premium fund created under section 2.

1 (d) "Health facility or agency" means that term as defined  
2 in section 20106 of the public health code, Act No. 368 of the  
3 Public Acts of 1978, being section 333.20106 of the Michigan  
4 Compiled Laws.

5 (e) "Medical services" means health care provided by a  
6 physician.

7 (f) "Minimal compensation" means an amount less than or  
8 equal to the rate of reimbursement provided under the federal  
9 medicaid program established under title XIX of the social secur-  
10 ity act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396g and  
11 1396i to 1396u.

12 (g) "Physician" means an individual licensed to practice  
13 medicine or osteopathic medicine and surgery under article 15 of  
14 the public health code, Act No. 368 of the Public Acts of 1978,  
15 being sections 333.16101 to 333.18838 of the Michigan Compiled  
16 Laws.

17 Sec. 2. The state medical malpractice insurance premium  
18 fund is created within the department of treasury. The director  
19 shall determine expenditures made from the fund pursuant to sec-  
20 tion 4. The fund shall receive money as provided in this act and  
21 as otherwise provided by law, and may receive any gifts or con-  
22 tributions to the fund.

23 Sec. 3. (1) The legislature shall appropriate from the gen-  
24 eral fund of the state a sufficient sum to meet the expenditures  
25 necessary to implement this act.

1 (2) At the end of each fiscal year, the state treasurer  
2 shall carry forward to the new fiscal year unexpended money in  
3 the fund.

4 Sec. 4. The director shall spend money from the fund solely  
5 to reimburse a physician or association for all or a portion of a  
6 malpractice insurance premium that is each of the following:

7 (a) Paid by that physician or association.

8 (b) Equal to the percentage of all medical services provided  
9 by that physician or association for which minimal compensation  
10 is paid.

11 Sec. 5. Within 90 days after the effective date of this  
12 act, the department shall submit for public hearing rules to  
13 implement this act pursuant to the administrative procedures act  
14 of 1969, Act No. 306 of the Public Acts of 1969, being sections  
15 24.201 to 24.328 of the Michigan Compiled Laws. At a minimum,  
16 the rules shall provide for the development of each of the  
17 following:

18 (a) A formula for determining the ratio that medicaid serv-  
19 ices provided by a physician or an association bears to all other  
20 services provided by that association.

21 (b) An application form that a physician or an association  
22 may complete to apply for reimbursement from the fund.

23 (c) An educational brochure for distribution to physicians  
24 and associations that identifies the reimbursement provisions of  
25 this act.

1       (d) A procedure for annually reporting to each house of the  
2 legislature the amount reimbursed under this act to physicians  
3 and associations each calendar year.