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## BLUES & HMOS: INSURANCE FRAUD

House Bill 5679

Sponsor: Rep. Terry London

House Bill 5680

Sponsor: Rep. Eric Bush

Committee: Insurance

Complete to 4-11-96

### A SUMMARY OF HOUSE BILLS 5679 AND 5680 AS INTRODUCED 3-14-96

House Bill 5679 would amend the Nonprofit Health Care Corporation Reform Act (550.1616a), which applies to Blue Cross and Blue Shield of Michigan, to specify that the corporation is subject to Chapter 45 of the Insurance Code, which was recently added to the code and deals with insurance fraud. House Bill 5680 would amend the Public Health Code (MCL 333.21095) to specify that a health maintenance organization is subject to Chapter 45.

Chapter 45 of the Insurance Code was created by Public Act 276 of 1995 (House Bill 4682) and, among other things, defines a "fraudulent insurance act" and provides penalties for such acts; specifies what kind of information can be exchanged between insurance companies (and similar entities) and law enforcement and regulatory agencies and in what circumstances; and provides immunity from civil liability and criminal prosecution for activities related to investigating insurance fraud. Fraudulent insurance acts, generally speaking, consist of participation in false applications for insurance and false claims for benefits, and include certain specified acts or omissions carried out knowingly, and with intent to injure, defraud, or deceive. The term also applies to certain acts by insurance companies and similar entities.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.