

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 812 (as enrolled)
Sponsor: Senator Dan L. DeGrow
Committee: Health Policy and Senior Citizens

PUBLIC ACT 184 of 1997

Date Completed: 1-22-98

RATIONALE

The Nonprofit Health Care Corporation Reform Act governs Blue Cross and Blue Shield of Michigan (BCBSM). Under the Act, BCBSM may enter into participating contracts with licensed health professionals for health services. A contract may cover all members of a group or be a separate and individual contract on a per claim basis, if the provider certifies to BCBSM that the provider meets specified criteria in the Act. One of the criteria is that the provider will accept payment from BCBSM as payment in full for all cases involving the procedure specified, for the duration of the calendar year. Ordinarily, then, the provider may collect only the amount he or she and BCBSM have agreed upon, regardless of whether that covers the provider's normal charge. That is, the provider may not collect the balance from the patient. Since 1988, dentists have been exempted from this criterion under a sunset provision. The exclusion of dentists allows them to collect the remainder of the balance from the patient.

The dentists' exclusion originally was scheduled to expire in 1993; subsequently, the Act was amended to extend the exclusion. The most recent sunset scheduled the dentists' exclusion to expire on January 1, 1998. Since dentists have been exempted from this contractual requirement for 10 years, and the exclusionary provision has been extended several times, some felt that the sunset date should be removed from the dentists' exemption, so that they could continue the "balance billing" practice indefinitely.

CONTENT

The bill amended the Nonprofit Health Care Corporation Reform Act to continue indefinitely an exemption for dentists from the requirement that providers participating with BCBSM on a per claim basis accept payment from BCBSM for a given procedure as payment in full, for all cases involving

that procedure in a calendar year.

MCL 550.1502

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Dentists have been excluded from the BCBSM "payment in full" requirement since 1988, allowing them to engage in "balance billing" (i.e., charging the patient for the remaining cost after BCBSM pays an agreed-upon rate). According to one dentist's office, the typical billing practice involves the dentist sending a bill to BCBSM with the amount of the charge. Blue Cross then sends a payment to the patient, at whatever rate is allowed in the dental insurance contract. The patient then must pay the dentist for the full charge that the dentist submitted to BCBSM, even if it exceeds the amount that Blue Cross will pay under the dental insurance contract. The bill allows dentists to continue with that type of billing practice, rather than limiting their charges to the amount BCBSM will pay under an insurance agreement.

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill will have no fiscal impact on State or local government.

Fiscal Analyst: J. Walker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.