



House Office Building, 9 South  
Lansing, Michigan 48909  
Phone: 517/373-6466

## MANDATED BENEFITS PANEL

House Bill 4902

Sponsor: Rep. Gerald Law

Committee: Insurance and Financial  
Services

Complete to 8-29-00

### A SUMMARY OF HOUSE BILL 4902 AS INTRODUCED 9-28-99

The bill would create the Mandated Benefits Review Act, under which legislative proposals to mandate health benefits or health insurance coverage would have to be submitted to a special review panel of "senior researchers", who would report back to the legislative committees dealing with insurance issues on the quality of the documentation accompanying the proposed legislation (but would not comment on its merits or desirability).

The review panel would also be charged with undertaking a separate and complete review of all existing state mandated benefits, mandated health insurance coverage, and mandated offerings of health benefits. The panel's report to the standing committees of the House and Senate with jurisdiction over insurance issues would be due no later than one year after the effective date of the new act.

The panel would be created within the Insurance Bureau of the Department of Consumer and Industry Services and consist of three senior researchers, two of whom would have to be experts in health research or biostatistics and chosen from universities within the state. The third would have to be a senior research associate. The governor would make the appointments.

Under the bill, the sponsor of proposed legislation or an amendment to proposed legislation on mandated benefits or coverage would be required to distribute adequate, independently certified documentation defining the legislation's social impact, medical efficacy, and financial impact. This would apply to legislation mandating coverage for (or the offering of coverage for) specific health services, treatments, or practices; mandating direct reimbursement to specific health care practitioners; and mandating reimbursement amounts to specific health care practitioners.

Each person or organization promoting or seeking sponsorship of such legislation would be required to submit a report to the standing committees in the House and Senate with jurisdiction over insurance issues. The committee to which the legislation was assigned would have to refer it to the mandated benefits review panel.

The review panel would review the documentation accompanying the legislation or amendment and issue a report within 30 days on whether the information was complete; whether the research cited met professional standards; whether all relevant research had been brought to light; and whether the conclusions and interpretations drawn from the evidence were consistent with the data presented. If the panel reached a favorable conclusion on all those points, the document would be certified. If the panel found the documentation deficient, it would identify the deficiencies. The

House Bill 4902 (8-29-00)

panel would judge the completeness of the information provided and the validity of the conclusions drawn, but could not comment on the merits or desirability of the legislation or amendment.

The bill would provide guidelines for the panel to use in determining the adequacy of the information, including information regarding the social impact, medical efficacy, and financial impact of the proposed legislation.

In determining social impact, the panel would examine to what extent the proposed mandate was needed, was available, and was utilized by people in the state; to what extent the lack of coverage (if coverage was not generally in place) resulted in inadequate health care or major financial hardship; the demand for the proposed mandate from the public and in collective bargaining negotiations; and if all relevant findings bearing on social impact had been presented.

Evidence of medical efficacy would include, in cases of a particular therapy, the results of at least one professionally acceptable, controlled trial demonstrating the medical consequences of that therapy compared to no therapy and to alternative therapies and the results of any other relevant research; and, in cases of mandating coverage for an additional class of practitioners, the results of at least one professionally acceptable, controlled trial demonstrating the medical results achieved by the class of practitioners relative to those already covered, and the results of any relevant research.

The assessment of financial impact would be based on the extent to which the mandate would increase or decrease the cost of treatment or service; the extent to which similar mandates had affected charges, costs, and payments experienced in other states with such mandates; the extent to which the mandate would increase the appropriate use of treatment or service; the extent to which the mandate would be a substitute for a more expensive or less expensive treatment or service; the extent to which the mandate would increase or decrease the administrative expenses of insurers, health maintenance organizations, and health care corporations (such as Blue Cross and Blue Shield of Michigan) and the premiums and administrative expenses of policyholders; the extent to which existing mandates met the requirements of the new act; the financial impact of the coverage on small employers, medium-sized employers, and large employers; and the impact of the coverage on the total cost of health care.

Analyst: C. Couch

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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.