

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1208 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Senator John J.H. Schwarz, M.D.

Committee: Health Policy

CONTENT

The bill would create the "Patient's Right to Independent Review Act" to establish procedures for individuals covered by a health benefit plan to seek an external review of an adverse determination (the denial, reduction, or termination of a health care service). When a health carrier informed a covered person of an adverse determination, the carrier would have to inform the person of internal grievance and external review processes. The covered person could submit a request for external review to the Commissioner of the Office of Financial and Insurance Services, who would have to conduct a preliminary review and decide whether to accept the request. Upon accepting the request, the Commissioner would have to assign an independent review organization to conduct an external review and make a recommendation. The Commissioner then would have to decide whether to uphold or reverse the adverse determination. The Commissioner could order license sanctions and civil fines for violations.

The bill also would allow a covered person to request an expedited external review if, due to his or her medical condition, the time frame for a standard external review would jeopardize the person's life, health, or ability to regain maximum function.

Fine revenue would have to be deposited in a proposed "Cancer Clinical Trials Fund". Money in the Fund could be appropriated to hospitals, outpatient oncology centers, and other facilities involved in cancer clinical trials that applied for funding to defray costs of patient participation in cancer clinical trials not covered by pharmaceutical manufacturers or health carriers. Not more than \$5,000 could be appropriated per facility per year.

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill should have no fiscal impact on this State's major publicly financed health care program, Medicaid managed care. This is due to existing Federal law requiring extensive internal grievance for managed care plans and an external grievance procedure ("fair hearing") that can occur simultaneously with an internal appeal. As for the general health care system, the real question is whether a statute mandating an external grievance process would result in increased appeals in and of itself. If not, this bill should have little or no fiscal consequences other than for the Commissioner's office. This assumption is based on the fact that such a process already exists in that office for health maintenance organizations and that overall "adverse" determinations appear to be very low.

The bill would have an indeterminate fiscal impact on the Office of Financial and Insurance Services. According to the Department of Consumer and Industry Services (DCIS), the responsibilities imposed by the bill would require the hiring of additional staff. There is currently no information available about what these costs would total or what fund source would be used to cover them. The bill also would have an indeterminate fiscal impact on the DCIS or the Department of Community Health, as there is no information regarding which one would administer the Cancer Clinical Trials Fund or the amount of revenue generated.

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[floor/sb1208](#)

Fiscal Analyst: J. Walker/M. Tyszkiewicz
Analysis available @ <http://www.michiganlegislature.org>

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