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Senate Bill 1426 (Substitute S-1 as reported)  
Sponsor: Senator Bill Schuette  
Committee: Health Policy

### **CONTENT**

The bill would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan (BCBSM), to specify that a proposed section of the Insurance Code, concerning a timely claims payment procedure, would apply to BCBSM. The proposed section is contained in Senate Bill 694, to which this bill is tie-barred. (Senate Bill 694 (H-1), as passed by the House, would amend the Insurance Code to require a health plan, a health professional, and a health facility to follow a specified timely claims processing and payment procedure, which the Commissioner of the Office of Financial and Insurance Services would have to establish; and prescribe the content of the procedure, including a requirement that a clean claim be paid within 45 days after it was received by a health plan, or bear interest at a 12% annual rate. A pharmaceutical clean claim would have to be paid within 45 days or within the industry standard time frame for paying a claim, whichever was sooner.)

Currently, under the Act, BCBSM must specify in writing the materials that constitute a satisfactory claim form within 30 days after receiving a claim. If a claim form is not supplied as to the entire claim, the amount supported by the claim form is considered to be paid on a timely basis if paid within 60 days after receipt of the form by BCBSM. Under the bill, these provisions would not apply to BCBSM when it paid a claim pursuant to Senate Bill 694.

Senate Bill 1426 (S-1) would take effect January 1, 2001, and apply to all health care claims submitted for payment after December 31, 2000.

MCL 550.1403

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

According to the Office of Financial and Insurance Services, the fiscal impact of this bill and Senate Bill 694 (H-1) is indeterminate. The additional responsibilities that would be required of the Office could require an increase of staff and other administrative costs.

Date Completed: 11-20-00

Fiscal Analyst: M. Tyszkiewicz