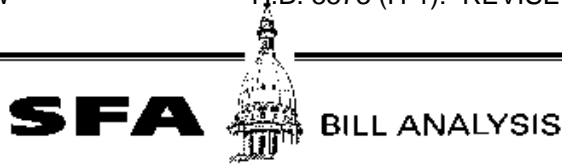


---

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



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

---

House Bill 5573 (Substitute H-1 as passed by the House)  
Sponsor: Representative Lauren Hager  
House Committee: Health Policy  
Senate Committee: Health Policy

Date Completed: 6-2-00

## **CONTENT**

**The bill would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan (BCBSM), to revise current requirements regarding BCBSM's internal review procedures.**

Currently, the Act prohibits BCBSM from performing certain activities regarding claims submitted to it by a member, and requires BCBSM to pay a member or participating provider applicable benefits on a timely basis. A person who has reason to believe that these provisions have been violated by BCBSM is entitled to a private, informal managerial-level conference with BCBSM, and to review before the Commissioner of the Office of Financial and Insurance Services if the conference fails to resolve the dispute. Further, if BCBSM fails to provide a conference and proposed resolution within 30 days after requested by a person, or if the person disagrees with the proposed resolution by BCBSM after completion of the conference, the person is entitled to a determination of the matter by the Commissioner. The bill provides that, beginning October 1, 2000, if a dispute could not be resolved during the informal conference, if BCBSM failed to provide a conference, or if the person disagreed with the resolution proposed by BCBSM, the person would be entitled to a review of the matter before an independent review organization under the "Patient's Right to Independent Review Act" proposed by House Bill 5576.

Under the current Act, BCBSM must make a final determination in a dispute within 90 days after a grievance is submitted by a member (or a physician acting on behalf of a member). The bill would shorten this period to 25 days; the time could be extended for up to five days if BCBSM had not received requested information from a health care provider. Also, when an adverse determination was made, BCBSM would have to give the member a written statement in plain English containing the reasons for the adverse determination, along with written notifications as required under the proposed Patient's Right to Independent Review Act.

Currently, BCBSM must have a procedure to provide summary data on the number and type of complaints and grievances filed. The bill provides that beginning April 15, 2001, the summary data for the prior calendar year would have to be filed each year with the Commissioner, on forms provided by the Commissioner.

The bill would delete provisions that allow a member to request further review by BCBSM and the Commissioner regarding an initial determination of an expedited grievance procedure. Instead, beginning October 1, 2000, a person could request a determination by an independent review organization. Currently, an expedited grievance applies if a grievance is submitted and a physician substantiates that the time frame for a standard grievance would acutely jeopardize the life of the member. The bill provides that an expedited grievance would apply if a physician substantiated that the time frame for a standard grievance would seriously jeopardize the life or health of the member, or the member's ability to regain maximum function.

Presently, if either BCBSM or the person disagrees with the Commissioner's determination, the Commissioner must proceed to hear the matter as a contested case under the Administrative Procedures Act, upon the request of either party. Under the bill, this would apply if BCBSM or a person "other than a

member” disagreed with the Commissioner’s determination.

The bill specifies that a member could authorize in writing any person, including a physician, to act on his or her behalf at any stage in a grievance proceeding under these provisions.

MCL 550.1404

Legislative Analyst: G. Towne

**FISCAL IMPACT**

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

Fiscal Analyst: M. Tyszkiewicz  
J. Walker

S9900\5573sa

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.