

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 451 (Substitute S-3 as reported by the Committee of the Whole)
Senate Bill 452 (Substitute S-2 as reported)
Sponsor: Representative Bill Schuette
Senate Committee: Health Policy

CONTENT

Senate Bill 451 (S-3) would amend the Insurance Code to do the following:

- Require each health professional and health facility in billing for services rendered, and each health plan in processing and paying claims for services rendered, to follow a specified timely processing and payment procedure, which would include 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.
- Require a health plan, within 30 days after receiving a claim, to notify a health professional or health facility of all known reasons that prevented the claim from being a clean claim.
- Prohibit a health plan from terminating the affiliation status or the participation of a health professional or health facility with a health maintenance organization provider panel, or otherwise discriminating against a health professional or health facility, because the professional or facility claimed that a health plan had violated the bill.
- Allow the Commissioner of the Office of Financial and Insurance Services (OFIS), in addition to any other penalty provided by law, to impose a civil fine of up to \$1,000 for each violation of the bill, not exceeding \$10,000 in the aggregate for multiple violations.

The timely processing and payment procedures would not apply to health plans paying claims to pharmacies, or claims arising out of provisions in the Insurance Code that regulate motor vehicle personal and property protection, or the Worker's Disability Compensation Act.

Senate Bill 452 (S-2) would amend the Nonprofit Health Care Corporation Reform Act, which regulates Blue Cross and Blue Shield of Michigan (BCBSM), to specify that the provisions of the Insurance Code proposed by Senate Bill 451 would apply to BCBSM; and provide that when BCBSM was paying a claim under the Code, certain provisions in the Act, which require BCBSM to specify what constitutes a satisfactory claim within 30 days of receiving a claim, would not apply. The bill is tie-barred to Senate Bill 451.

The bills would take effect October 1, 2002, and would apply to health care claims with dates of service on or after that date.

MCL 500.2006 (S.B. 451)
550.1403 (S.B. 452)

Legislative Analyst: G. Towne

FISCAL IMPACT

These bills would require the OFIS Commissioner to determine if a health plan had violated the clean claim reimbursement procedure, following an administrative hearing. All violations would result in the implementation of fines, which would offset the costs of enforcing this section. There is currently no information available regarding how many of these hearings would result in a fine; therefore, the fiscal impact is indeterminate at this time.

Date Completed: 12-11-01

Fiscal Analyst: M. Tyszkiewicz

floor\hb451

Analysis available @ <http://www.michiganlegislature.org>

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.