

Legislative Analysis



NOTIFICATION OF MEDICAID-RELATED LAWSUITS

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House Bill 5414

Sponsor: Rep. Marc Shulman

Committee: Appropriations

Complete to 9-7-04

A SUMMARY OF HOUSE BILL 5414 AS INTRODUCED 1-21-04

The bill would amend the Social Welfare Act to require an individual receiving medical assistance (Medicaid) under the act, or the individual's legal counsel, to notify the Family Independence Agency when filing an action in which the state could have a right to recover expenses paid under the act. If the individual was enrolled in a Medicaid contracted health plan, the notice would also have to provide notice to the plan.

[A Medicaid contracted health plan is defined as an organization with which the department contracts to provide or arrange for the delivery of comprehensive health care services.]

If such a legal action was filed and settled without notice to the department or the health plan, the department or plan could file a legal action against the individual and/or the legal counsel to recover expenses paid under the act.

The FIA would have first priority in an action settled in which notice had been provided. A Medicaid contracted health plan would have priority immediately after the department in such a case. The department and the plan would recover the full cost of expenses unless the department or plan agreed to accept a lesser amount.

MCL 400.106

FISCAL IMPACT:

The bill would reduce Michigan's Medicaid program costs by strengthening the state's ability to recover the cost of state Medicaid payments from future legal settlements to Medicaid beneficiaries. The FY 2004-05 Department of Community Health budget builds in estimated savings of \$7.6 million Gross (\$3.3 million GF/GP) through the enactment of such legislation.

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