



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



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

Senate Bill 234 (Substitute S-2 as reported)  
Sponsor: Senator Bev Hammerstrom  
Committee: Health Policy

### **CONTENT**

The bill would amend the Nonprofit Health Care Corporation Reform Act, which governs Blue Cross and Blue Shield of Michigan (BCBSM), to do the following:

- Provide that BCBSM would be subject to Chapter 37 (Small Employer Group Health Coverage) of the Insurance Code (proposed by Senate Bill 460).
- Allow BCBSM to remedy a deficiency in surplus with planwide viability contributions by subscribers at rates prescribed by the bill.
- Require BCBSM to maintain a surplus not greater than 200% of the authorized control level under risk-based capital requirements, multiplied by five.
- Allow BCBSM to establish up to eight rate bands based on age for nongroup conversion coverage that included prescription drug coverage.
- Require the Commissioner of the Office of Financial and Insurance Services to hold a hearing on a proposed certificate or rate, and allow the Attorney General to request a hearing on a rate filing.
- Apply current nongroup rate filing and approval requirements to nongroup Medicare supplemental coverage.
- Require BCBSM, until 2007, to report financial information in the manner other insurers are required to report.
- Permit BCBSM to acquire insurers authorized to sell disability insurance.
- Exempt BCBSM's funds and property from utility usage taxes and fees.

The bill is tie-barred to Senate Bill 460, which would create Chapter 37 in the Insurance Code to govern the rates charged to small employers for health benefit plans.

MCL 550.1107 et al.

Legislative Analyst: Claire Layman

### **FISCAL IMPACT**

Together with Senate Bill 460, this bill would alter the current process by which the State regulates Blue Cross and Blue Shield of Michigan and other health benefit carriers. If this change resulted in an increased cost to the Office of Financial and Insurance Services, the assessment would be adjusted accordingly; therefore, these bills would be revenue neutral.

Date Completed: 5-23-03

Fiscal Analyst: Maria Tyszkiewicz  
John Walker