



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



BILL ANALYSIS

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

House Bills 4965 and 4966 (as reported without amendment)
Sponsor: Representative Stephen Ehardt (H.B. 4965)
Representative Lisa Wojno (H.B. 4966)

House Committee: Health Policy
Senate Committee: Health Policy

Date Completed: 2-3-04

RATIONALE

In order to reduce health care costs, many health plans require their members or policy holders to seek medical care only from participating providers. Similarly, some health plans authorize their subscribers to use certain hospitals. If a subscriber seeks medical treatment at an unauthorized hospital, the health plan generally denies payment. Under the Public Health Code, however, in an emergency, a person may go to the nearest hospital, whether it is an authorized facility or not. Reportedly, there have been incidents in which a health insurer pressured an emergency room physician to transfer a patient to an authorized hospital for further necessary treatment before the physician determined the patient was stabilized. Some people believe that insurance companies should be prohibited from requiring a patient to be transferred before he or she has been stabilized.

CONTENT

House Bills 4965 and 4966 would amend the Insurance Code and the Nonprofit Health Care Corporation Reform Act, respectively, to prohibit an insurer or Blue Cross and Blue Shield of Michigan (BCBSM) from requiring a physician to transfer a patient before the physician determined that the patient had reached the point of stabilization.

(Under the Insurance Code, "stabilization" means the point at which no material deterioration of a condition is likely, within reasonable medical probability, to result from or occur during transfer of the patient.)

Under the Code and the Act, an expense-incurred hospital, medical, or surgical policy or certificate, or a BCBSM certificate, that provides coverage for emergency health services must provide coverage for medically necessary services provided for the sudden onset of a medical condition that, in the absence of immediate medical attention, could reasonably be expected to result in serious injury to a person's health or pregnancy, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part. House Bill 4965 also would extend this requirement to a health maintenance organization (HMO) contract.

MCL 500.3406k (H.B. 4965)
550.1418 (H.B. 4966)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Although it is understandable that health plans contract or negotiate with particular hospitals in an area in order to contain health care costs, the last thing that an emergency patient needs is fear that his or her health plan will deny payment for care received in an unauthorized hospital. Likewise, an emergency room physician is responsible for accurately diagnosing and treating a patient, not balancing concerns regarding the patient's health with concerns about his or her wallet or health care coverage. Furthermore, unlike the staff physician for an insurance company, an emergency room physician is liable for the

medical services he or she provides to a patient. In case of a poor outcome, it is the doctor's career and possibly license that are on the line. Therefore, it is imperative that the sole decision-making responsibility rest with the emergency room physician as to whether a patient can safely be transported to another hospital.

Under the bills, an insurer would be prohibited from interfering with an emergency room doctor's decision as to the status of a patient and could not deny payment for services rendered up to the point that the physician determined the patient was stable and ready for transfer. The Federal Emergency Medical Treatment and Active Labor Act already prohibits the transfer of an emergency room patient to another facility before he or she is stable. A similar provision in State law would provide another back-up to an emergency room physician's judgment.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bills would have an indeterminate fiscal impact. While there would be a cost increase to the extent that some individuals could have longer stays in emergency rooms, it is also likely that longer stays could prevent further, more costly complications.

Fiscal Analyst: Steve Angelotti

H0304\4965a

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.