

# Legislative Analysis



## CATASTROPHIC MEDICAL COVERAGE TASK FORCE

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**House Bill 5387**

**Sponsor: Rep. Andy Dillon**

**Committee: Insurance**

**Complete to 1-17-06**

### A SUMMARY OF HOUSE BILL 5387 AS INTRODUCED 11-1-05

The bill would create a 13-member Catastrophic Medical Coverage Task Force to conduct a study on whether a statewide catastrophic health care coverage pool is an appropriate means of providing all state residents with coverage for catastrophic health claims. The task force would be created within the Office of Financial and Insurance Services (OFIS), and OFIS would provide technical assistance, including actuarial services. The task force would be required to report to the legislature within one year after the bill's effective date on the findings and recommendations resulting from its study.

Membership. The task force would consist of the commissioner of OFIS; two state senators, one appointed by the Majority Leader and one by the Minority Leader; two state representatives, one appointed by the Speaker of the House and one by the Minority Leader; and nine members appointed by the governor. The gubernatorial appointments would include one member each representing: the general public, employers with more than 50 employees, employers with 50 or fewer employees, Blue Cross Blue Shield of Michigan, health maintenance organizations, commercial health insurance companies, labor, public employees in the state, and health care providers.

The task force would be subject to the Open Meetings Act and the Freedom of Information Act. A majority would constitute a quorum for the conduct of business; and a majority of members present would be required for official action. The first meeting would have to be held no later than 24 days after the bill's effective date, and the task force would have to meet at least monthly.

The Study. In conducting its study the task force would be required to examine the following:

**\*\* Different levels of loss (including loss levels of \$50,000; \$75,000; and \$100,000) to be incurred before catastrophic coverage would occur and the premiums needed at each level.**

**\*\* The funding of coverage.** The task force would be required to examine a broad mix of funding sources, including premium percentages to be paid by individuals and employers through taxes or payroll deductions, General Fund or other appropriations, carrier assessments, hospital-based assessments, and available federal revenue.

\*\* Benefit structures, including annual deductibles and copayments and lifetime benefit maximums.

\*\* Eligibility criteria and enrollment estimates.

\*\* Supervision of the pool by a board of directors with a balanced representation of consumers, employers, regulators, insurance companies, and medical personnel.

\*\* Administration of the pool, including determinations of eligibility, payment of claims, premium billing, case management, and payment of salaries, expenses, and fees.

\*\* Methods of controlling costs, including health promotion and chronic care management.

\*\* Impact of coverage on health insurance and coverage rates, on Medicaid rates, on the uninsured, and on uncompensated care in the health care system.

The task force would also be required to examine the use of regional purchasing pools and methods for gathering and providing comparative health care provider performance information.

MCL 500.255

#### **FISCAL IMPACT:**

The fiscal impact will be a slight increase in expenditures due to reimbursing task force members for travel. Task force members are explicitly required to serve without compensation, but may be reimbursed for actual and necessary travel expenses.

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