



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

Senate Bills 848 and 849 (as introduced 10-27-05)
Sponsor: Senator Tom George
Committee: Health Policy

Date Completed: 3-3-06

CONTENT

Senate Bills 848 and 849 would amend the Insurance Code and the Nonprofit Health Care Corporation Reform Act, respectively, to require an insurer or health maintenance organization (HMO), and Blue Cross and Blue Shield of Michigan (BCBSM), to offer wellness coverage that provided for appropriate rebates of premiums for participation in a health wellness, maintenance, or improvement program. The bills would take effect on January 1, 2006.

Senate Bill 848 would apply to an insurer providing an expense-incurred hospital, medical, or surgical certificate delivered, issued for delivery, or renewed in this State, as well as an HMO. Senate Bill 849 would apply to BCBSM.

Under the bills, the insurer, HMO, or BCBSM would have to offer wellness coverage that provided an appropriate rebate of premiums paid in the last calendar year for the coverage if, under a group coverage plan, the majority of insureds, enrollees, or members, or, under an individual or family plan, the individual or family, had enrolled and maintained participation in any health wellness, maintenance, or improvement program offered by the employer, in the case of group coverage, or approved by the insurer, HMO, or BCBSM, in the case of individual or family coverage.

The employer, under a group coverage plan, or the insured, enrollee, or member, under a family or individual plan, would have to provide evidence of demonstrative maintenance or improvement of the insureds', enrollees', or members' health status, or the individual's or family's health status, as determined by assessments of health status indicators agreed upon between the employer or the insured, enrollee, or member; and the insurer, HMO, or BCBSM, as applicable.

Any rebate provided by the health insurer, HMO, or BCBSM would be presumed to be appropriate unless credible data demonstrated otherwise, but could not exceed 10% of paid premiums.

The authorized premium rebates would have to be provided each year that the criteria specified in the bills were satisfied.

Proposed MCL 500.8302 (S.B. 848)
Proposed MCL 550.1414b (S.B. 849)

Legislative Analyst: Julie Koval

FISCAL IMPACT

State and local governments that provide health coverage would be affected by these bills. The fiscal impact on State and local governments would equal the difference between the rebates provided and any reduction in health care costs due to any changes in health behavior. That impact is indeterminate. The State's Medicaid program would be affected in a similar indeterminate manner.

Fiscal Analyst: Steve Angelotti

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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.