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BILL ANALYSIS

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Senate Bill 1426 (Substitute S-1 as reported)
Sponsor: Senator Bev Hammerstrom
Committee: Health Policy

CONTENT

The bill would create a new act to require an entity to do both of the following if it contracted with the State or a local unit of government to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services provided under a self-funded plan established or maintained by the State or that local unit of government for its employees:

- Establish procedures and make available to people covered by the plan internal review as though the entity were an insurer subject to Section 2213 of the Insurance Code (which requires insurers to establish an internal formal grievance procedure for people covered under a disability insurance or health maintenance organization policy, certificate, or contract).
- Establish procedures and make available to people covered by the plan external reviews in the same manner and subject to all the obligations, conditions, and consequences as though the entity were a health carrier under the Patient's Right to Independent Review Act.

The Commissioner of the Office of Financial and Insurance Services would have to provide external reviews under this provision to a person covered by the State or local self-funded plan as though he or she were a covered person under the Patient's Right to Independent Review Act. (The Act authorizes an individual to request the Commissioner to review an adverse determination by the individual's health carrier, and prescribes the review process.)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would increase the costs of the Office of Financial and Insurance Services (OFIS) within the Department of Labor and Economic Growth by a small but unknown amount, due to a potential for increases in the external reviews provided by OFIS that would be authorized by the bill. Currently, health insurers are required to offer consumers external reviews of adverse determinations made by the insurers. These external reviews from OFIS, however, are not available to State or local self-funded health plans operated by a third party administrator. The bill would extend the opportunity for an external review of decisions to consumers in those self-funded health plans. The Office of Financial and Insurance Services is funded entirely by restricted funds.

State and local governments operating self-funded health plans could see a minimal cost increase in complying with the internal and external review processes required by the bill.

Date Completed: 9-19-06

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