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BILL ANALYSIS

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House Bill 6359 (Substitute H-2 as reported without amendment)

Sponsor: Representative Richard Ball

House Committee: Health Policy

Senate Committee: Health Policy

CONTENT

The bill would amend Chapter 38 (Medicare Supplement Policies and Certificates) of the Insurance Code to do the following:

- Refer to "Medicare Advantage" rather than "Medicare + Choice".
- Repeal regulations of the Nonprofit Health Care Corporation Reform Act (which governs Blue Cross and Blue Shield of Michigan, or BCBSM) pertaining to Medicare supplement certificates, and provide that Chapter 38 would apply to those certificates offered by BCBSM.
- Prescribe standards for Medicare supplement benefit Plans K and L.
- Provide that a Medicare supplement policy could include outpatient prescription drug coverage until January 1, 2006.
- Prohibit a Medical supplement benefit Plan H, I, or J from including an outpatient prescription drug benefit after December 31, 2005.
- Require an insurer offering a Medicare supplement policy to comply with notice requirements of the Federal Medicare Prescription Drug, Improvement, and Modernization Act.
- Revise information required to be on applications for and outlines of Medicare supplement policies to reflect changes proposed by the bill.
- Require the renewal of supplement policies in existence before January 1, 2006, that include a prescription drug benefit for policyholders who opted not to enroll in Medicare Part D; and prohibit such a policy from being renewed after the policyholder enrolled in Part D, unless that benefit were eliminated and premiums adjusted to reflect the reduced coverage.
- Prohibit an insurer from issuing a Medicare supplement policy or certificate to an individual enrolled in Medicare Advantage unless the effective date of the coverage was after the termination date of the individual's Medicare Advantage coverage.

MCL 500.3801 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would affect Medicare supplement policies, commonly known as "Medigap" policies. These Medigap policies provide expanded coverage to Medicare recipients, particularly for pharmaceutical products in concert with the new Medicare Part D program. They have no impact on Medicaid recipients or State and local government employees. Those dually eligible for Medicaid and Medicare have full pharmaceutical coverage through the Medicare Part D program. Therefore, the bill would have no fiscal impact on State or local government.

Date Completed: 12-4-06

Fiscal Analyst: Steve Angelotti