

# SENATE BILL No. 446

April 28, 2005, Introduced by Senators JACOBS and EMERSON and referred to the Committee on Appropriations.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending section 224b (MCL 500.224b), as amended by 2002 PA 621.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 224b. (1) The department of community health shall assess  
2 ~~on~~ **A QUALITY ASSURANCE ASSESSMENT FEE AS FOLLOWS:**

3       **(A) ON** each health maintenance organization that has a  
4       medicaid managed care contract awarded by the state and  
5       administered by the department of community health, a quality  
6       assurance assessment fee that equals 6% of non-medicare premiums  
7       collected by that health maintenance organization.

8       **(B) ON EACH MEDICAID MANAGED CARE ORGANIZATION THAT IS A**  
9       **SPECIALTY PREPAID HEALTH PLAN UNDER SECTION 109F OF THE SOCIAL**  
10       **WELFARE ACT, 1939 PA 280, MCL 400.109F, AND THAT HAS A MEDICAID**

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1 **MANAGED CARE CONTRACT AWARDED BY THE STATE AND ADMINISTERED BY THE**  
2 **DEPARTMENT OF COMMUNITY HEALTH, A QUALITY ASSURANCE ASSESSMENT FEE**  
3 **THAT EQUALS 6% OF NON-MEDICARE CAPITATION PAYMENTS COLLECTED BY**  
4 **THAT MEDICAID MANAGED CARE ORGANIZATION.**

5 (2) The quality assurance assessment fee collected under  
6 subsection (1) and all federal matching funds attributed to that  
7 fee shall be used for the following purposes and under the  
8 following specific circumstances:

9 (a) The quality assurance assessment fee shall be implemented  
10 on May 10, 2002 **FOR HEALTH MAINTENANCE ORGANIZATIONS DESCRIBED IN**  
11 **SUBSECTION (1) (A) AND ON AUGUST 1, 2005 FOR MEDICAID MANAGED CARE**  
12 **ORGANIZATIONS DESCRIBED IN SUBSECTION (1) (B) .**

13 (b) The quality assurance assessment fee shall be assessed on  
14 the non-medicare premiums collected by each health maintenance  
15 organization described in subsection ~~—(1)—~~ **(1) (A)** based on the  
16 health maintenance organization's most recent statement filed with  
17 the commissioner pursuant to sections 438 and 438a. Except as  
18 otherwise provided, the quality assurance assessment fee shall be  
19 payable on a quarterly basis with the first payment due 90 days  
20 after the date the fee is assessed. If a health maintenance  
21 organization does not have non-medicare premium revenue listed in a  
22 filing under section 438 or 438a, the assessment shall be based on  
23 an estimate by the department of community health of the health  
24 maintenance organization's non-medicare premiums for the quarter  
25 and shall be payable upon receipt.

26 **(C) THE QUALITY ASSURANCE ASSESSMENT FEE SHALL BE ASSESSED ON**  
27 **THE NON-MEDICARE CAPITATION PAYMENTS COLLECTED BY EACH MEDICAID**

1 MANAGED CARE ORGANIZATION DESCRIBED IN SUBSECTION (1) (B) BASED ON  
2 THE MEDICAID MANAGED CARE ORGANIZATION'S MOST RECENT FINANCIAL  
3 STATUS REPORT FILED WITH THE DEPARTMENT OF COMMUNITY HEALTH. EXCEPT  
4 AS OTHERWISE PROVIDED, THE QUALITY ASSURANCE ASSESSMENT FEE SHALL  
5 BE PAYABLE ON A QUARTERLY BASIS WITH THE FIRST PAYMENT DUE 90 DAYS  
6 AFTER THE DATE THE FEE IS ASSESSED.

7 (D) ~~—(e)—~~ The quality assurance assessment fee shall only be  
8 assessed on ~~—a health maintenance organization—~~ **AN ORGANIZATION**  
9 **DESCRIBED IN SUBSECTION (1) (A) OR (B)** that has in effect a medicaid  
10 managed care contract awarded by the state and administered by the  
11 department of community health at the time of the assessment.

12 (E) ~~—(d)—~~ Beginning October 1, 2007, the quality assurance  
13 assessment fee shall no longer be assessed or collected.

14 (F) ~~—(e)—~~ The department of community health shall implement  
15 this section in a manner that complies with federal requirements.  
16 If the department of community health is unable to comply with the  
17 federal requirements for federal matching funds under this section  
18 **FOR ORGANIZATIONS DESCRIBED IN SUBSECTION (1) (A)** or is unable to  
19 use the fiscal year 2001-2002 level of support for federal matching  
20 dollars other than for a change in covered benefits or covered  
21 population required under the state's medicaid contract with health  
22 maintenance organizations, the quality assurance assessment fee  
23 under ~~—this section—~~ **SUBSECTION (1) (A)** shall no longer be assessed  
24 or collected.

25 (G) **IF THE DEPARTMENT OF COMMUNITY HEALTH IS UNABLE TO COMPLY**  
26 **WITH THE FEDERAL REQUIREMENTS FOR FEDERAL MATCHING FUNDS UNDER THIS**  
27 **SECTION FOR ORGANIZATIONS DESCRIBED IN SUBSECTION (1) (B) OR IS**

Senate Bill No. 446 as amended June 29, 2005

1 UNABLE TO USE THE [CENTERS FOR MEDICARE AND MEDICAID SERVICES APPROVED]  
FISCAL YEAR 2004-2005 LEVEL OF SUPPORT FOR

2 FEDERAL MATCHING DOLLARS OTHER THAN FOR A CHANGE IN COVERED  
3 BENEFITS OR COVERED POPULATION REQUIRED UNDER THE STATE'S MEDICAID  
4 CONTRACT WITH THE MANAGED CARE ORGANIZATION, THE QUALITY ASSURANCE  
5 ASSESSMENT FEE UNDER SUBSECTION (1) (B) SHALL NO LONGER BE ASSESSED  
6 OR COLLECTED.

7 (H) ~~—(f)—~~ If ~~a health maintenance~~ AN organization fails to  
8 pay the quality assurance assessment fee required under subsection  
9 (1), the department of community health may assess the ~~health~~  
10 ~~maintenance~~ organization a penalty of 5% of the assessment for  
11 each month that the assessment and penalty are not paid up to a  
12 maximum of 50% of the assessment. The department of community  
13 health may also refer for collection to the department of treasury  
14 past due amounts consistent with section 13 of 1941 PA 122, MCL  
15 205.13.

16 (I) ~~—(g)—~~ The medicaid health maintenance organization quality  
17 assurance assessment fund is established as a separate fund in the  
18 state treasury. **THE DESIGNATED MEDICAID MANAGED CARE ORGANIZATION**  
19 **QUALITY ASSURANCE ASSESSMENT FUND IS ESTABLISHED AS A SEPARATE FUND**  
20 **IN THE STATE TREASURY.** The department of community health shall  
21 deposit the revenue raised through the quality assurance assessment  
22 fee **UNDER SUBSECTION (1) (A)** with the state treasurer for deposit in  
23 the medicaid health maintenance organization quality assurance  
24 assessment fund. **THE DEPARTMENT OF COMMUNITY HEALTH SHALL DEPOSIT**  
25 **THE REVENUE RAISED THROUGH THE QUALITY ASSURANCE ASSESSMENT FEE**  
26 **UNDER SUBSECTION (1) (B) WITH THE STATE TREASURER FOR DEPOSIT IN THE**  
27 **DESIGNATED MEDICAID MANAGED CARE ORGANIZATION QUALITY ASSURANCE**

1 ASSESSMENT FUND.

2 (J) ~~(h)~~ In all fiscal years governed by this section,  
3 medicaid reimbursement rates shall not be reduced below the  
4 medicaid payment rates in effect on April 1, 2002 **FOR ORGANIZATIONS**  
5 **DESCRIBED IN SUBSECTION (1) (A) OR BELOW THE MEDICAID PAYMENT RATES**  
6 **IN EFFECT ON JULY 1, 2005 FOR ORGANIZATIONS DESCRIBED IN SUBSECTION**  
7 **(1) (B)** as a direct result of the quality assurance assessment fee  
8 assessed under this section. This subdivision does not apply to a  
9 change in medicaid reimbursement rates caused by a change in  
10 covered benefits or change in covered populations required under  
11 the state's medicaid contract with ~~health maintenance~~  
12 organizations **DESCRIBED IN SUBSECTION (1) (A) OR (B)**.

13 ~~—— (i) The amounts listed in this subdivision are appropriated~~  
14 ~~for the department of community health, subject to the conditions~~  
15 ~~set forth in this section, for the fiscal year ending September 30,~~  
16 ~~2003:~~

17 ~~MEDICAL SERVICES~~

18	<del>Health plan services.....</del>	<del>\$ 1,476,781,100</del>
19	<del>Gross appropriation.....</del>	<del>\$ 1,476,781,100</del>
20	<del>Appropriated from:</del>	
21	<del>Federal revenues:</del>	
22	<del>Total federal revenues.....</del>	<del>817,495,900</del>
23	<del>Special revenue funds:</del>	
24	<del>Medicaid quality assurance assessment.....</del>	<del>55,747,000</del>
25	<del>State general fund/general purpose.....</del>	<del>\$ 603,538,200</del>

26 (3) As used in this section:

27 (a) "Medicaid" means title XIX of the social security act,

1 ~~chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396r 6 and 1396r 8~~  
2 **42 USC 1396** to 1396v.

3 (b) "Medicare" means title XVIII of the social security act,  
4 ~~chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to 1395b, 1395b 2, 1395b~~  
5 ~~6 to 1395b 7, 1395c to 1395i, 1395i 2 to 1395i 5, 1395j to 1395t,~~  
6 ~~1395u to 1395w, 1395w 2 to 1395w 4, 1395w 21 to 1395w 28, 1395x to~~  
7 ~~1395yy, and 1395bbb to 1395ggg~~ **42 USC 1395 TO 1395HHH.**