

SUBSTITUTE FOR
HOUSE BILL NO. 6603

A bill to provide for the sharing of certain health care coverage information; to provide for the powers and duties of certain departments and agencies; and to provide penalties and fines.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Department" means the department of community health.

3 (b) "Entity" means a party that is legally responsible for
4 payment of a health care claim, including, but not limited to, a
5 health insurer; a health maintenance organization; a nonprofit
6 health care corporation; a managed care corporation; a preferred
7 provider organization; an organization operating pursuant to the

1 prudent purchaser act, 1984 PA 233, MCL 550.51 to 550.63; a self-
2 funded health plan; a professional association, trust, pool, union,
3 or fraternal group, offering health coverage; a system of health
4 care delivery and financing operating pursuant to section 3573 of
5 the insurance code of 1956, 1956 PA 218, MCL 500.3573; and a third
6 party administrator or other entity that is by statute, contract,
7 or agreement, legally responsible for payment of a health care
8 claim. Entity includes a party legally responsible for payment of a
9 health care claim arising out of the worker's disability
10 compensation act 1969, 1969 PA 317, MCL 418.101 to 418.941, or
11 chapter 31 of the insurance code of 1956, 1956 PA 218, MCL 500.3161
12 to 500.3179.

13 (c) "Medical assistance" means the medical assistance program
14 administered by the state under the social welfare act, 1939 PA
15 280, MCL 400.1 to 400.119b.

16 (d) "Qualified health plan" means that term as defined in
17 section 111i of the social welfare act, 1939 PA 280, MCL 400.111i.

18 Sec. 3. (1) An entity shall provide on a monthly basis to the
19 department, in a format determined by the department, information
20 necessary to enable the department or entity to determine whether a
21 health coverage recipient of the entity is also a medical
22 assistance recipient.

23 (2) If a health coverage recipient of the entity is also a
24 medical assistance recipient, the entity shall do all of the
25 following by not later than 180 days after the department's
26 request:

27 (a) Pay the department for, or assign to the department any

1 right of recovery owed to the entity for, a covered health claim
2 for which medical assistance payment has been made.

3 (b) Respond to any inquiry by the department concerning a
4 claim for payment for any health care item or service that is
5 submitted not later than 3 years after the date the health care
6 item or service was provided.

7 (3) An entity shall not deny a claim submitted by the
8 department solely on the basis of the date of submission of the
9 claim, the type or format of the claim form, or a failure to
10 present proper documentation at the time the health care item or
11 service that is the basis of the claim was provided so long as both
12 of the following apply:

13 (a) The claim is submitted to the entity within 3 years of the
14 date that the health care item or service that is the subject of
15 the claim was provided.

16 (b) Any action by the state to enforce its rights under this
17 subdivision is commenced within 6 years of the date that the health
18 care item or service that is the subject of the claim was provided.

19 Sec. 5. If the department determines that a health coverage
20 recipient is also a medical assistance recipient:

21 (a) The department may use information received under section
22 3 to update the medical assistance database maintained by the
23 department.

24 (b) If the medical assistance recipient is covered by a
25 qualified health plan, the department shall share with that
26 qualified health plan all information received under this act by
27 the department for that medical assistance recipient.

1 Sec. 7. An entity that violates this act is subject to an
2 administrative fine of not more than \$500.00 for each day the
3 entity does not comply with section 3(1) or with a request for
4 information made pursuant to section 3(2). Upon the department's
5 determination that a violation of this act has occurred, the entity
6 has a right to notice of the alleged violation and an opportunity
7 for a hearing under the administrative procedures act of 1969, 1969
8 PA 306, MCL 24.201 to 24.328.

9 Sec. 9. The department may promulgate rules pursuant to the
10 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
11 24.328, necessary to implement this act. Rules governing the
12 exchange of information under this act shall be consistent with all
13 laws, regulations, and rules relating to the confidentiality or
14 privacy of personal information or medical records, including, but
15 not limited to, the health insurance portability and accountability
16 act of 1996, Public Law 104-191, and regulations promulgated under
17 that act, 45 CFR parts 160 to 164.