

HOUSE BILL No. 6603

November 9, 2006, Introduced by Rep. Caswell and referred to the Committee on Health Policy.

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 prudent
7 provider organization; a self-funded health plan; a professional
8 association, trust, pool, union, or fraternal group, offering
9 health coverage; a system of health care delivery and financing

1 operating pursuant to section 3573 of the insurance code of 1956,
2 1956 PA 218, MCL 500.3573; and a third party administrator or other
3 entity that is by statute, contract, or agreement, legally
4 responsible for payment of a health care claim. Entity includes a
5 party legally responsible for payment of a health care claim
6 arising out of the worker's disability compensation act 1969, 1969
7 PA 317, MCL 418.101 to 418.941, or chapter 31 of the insurance code
8 of 1956, 1956 PA 218, MCL 500.3161 to 500.3179.

9 (c) "Medical assistance" means the medical assistance program
10 administered by the state under the social welfare act, 1939 PA
11 280, MCL 400.1 to 400.119b.

12 Sec. 3. (1) An entity shall provide on a monthly basis to the
13 department, in a format determined by the department, information
14 necessary to enable the department or entity to determine whether a
15 health coverage recipient of the entity is also a medical
16 assistance recipient.

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

21 (a) Pay the department for, or assign to the department any
22 right of recovery owed to the entity for, a covered health claim
23 for which medical assistance payment has been made.

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

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

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

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

13 Sec. 5. If the department determines that a health coverage
14 recipient is also a medical assistance recipient, the department
15 may use information received under section 3 to update the medical
16 assistance database maintained by the department.

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

25 Sec. 9. The department may promulgate rules pursuant to the
26 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
27 24.328, necessary to implement this act. Rules governing the

1 exchange of information under this act shall be consistent with all
2 laws, regulations, and rules relating to the confidentiality or
3 privacy of personal information or medical records, including, but
4 not limited to, the health insurance portability and accountability
5 act of 1996, Public Law 104-191, and regulations promulgated under
6 that act, 45 CFR parts 160 to 164.