

SENATE BILL No. 796

September 20, 2007, Introduced by Senator KAHN 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 2005 PA 83.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 224b. (1) The department of community health shall assess
2 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

1 welfare act, 1939 PA 280, MCL 400.109f, and that has a medicaid
2 managed care contract awarded by the state and administered by the
3 department of community health, a quality assurance assessment fee
4 that equals 6% of non-medicare capitation payments collected by
5 that medicaid managed care organization.

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

10 (a) The quality assurance assessment fee shall be implemented
11 on May 10, 2002 for health maintenance organizations described in
12 subsection (1)(a) and on August 1, 2005 for medicaid managed care
13 organizations described in subsection (1)(b).

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

27 (c) The quality assurance assessment fee shall be assessed on

1 the non-medicare capitation payments collected by each medicaid
2 managed care organization described in subsection (1)(b) based on
3 the medicaid managed care organization's most recent financial
4 status report filed with the department of community health. Except
5 as otherwise provided, the quality assurance assessment fee shall
6 be payable on a quarterly basis with the first payment due 90 days
7 after the date the fee is assessed.

8 (d) The quality assurance assessment fee shall only be
9 assessed on an organization described in subsection (1)(a) or (b)
10 that has in effect a medicaid managed care contract awarded by the
11 state and administered by the department of community health at the
12 time of the assessment.

13 (e) Beginning October 1, ~~2007-2008~~, the quality assurance
14 assessment fee shall no longer be assessed or collected.

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

1 unable to use the centers for medicare and medicaid services
2 approved fiscal year 2004-2005 level of support for federal
3 matching dollars other than for a change in covered benefits or
4 covered population required under the state's medicaid contract
5 with the managed care organization, the quality assurance
6 assessment fee under subsection (1)(b) shall no longer be assessed
7 or collected.

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

16 (i) 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) In all fiscal years governed by this section, medicaid
3 reimbursement rates shall not be reduced below the medicaid payment
4 rates in effect on April 1, 2002 for organizations described in
5 subsection (1)(a) or below the medicaid payment rates in effect on
6 July 1, 2005 for organizations described in subsection (1)(b) as a
7 direct result of the quality assurance assessment fee assessed
8 under this section. This subdivision does not apply to a change in
9 medicaid reimbursement rates caused by a change in covered benefits
10 or change in covered populations required under the state's
11 medicaid contract with organizations described in subsection (1)(a)
12 or (b).

13 (3) As used in this section:

14 (a) "Medicaid" means title XIX of the social security act, 42
15 USC 1396 to 1396v.

16 (b) "Medicare" means title XVIII of the social security act,
17 42 USC 1395 to 1395hhh.