



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 5855 (Substitute H-2 as passed by the House)  
Sponsor: Representative Kate Segal  
House Committee: Insurance  
Senate Committee: Economic Development and Regulatory Reform

Date Completed: 6-15-10

**CONTENT**

**The bill would amend the Insurance Code to exclude a health maintenance organization (HMO) issuing contracts in connection with State and Federal health programs from a requirement to give at least 30 days' advance notice of a change in a contract or rate, if a change in State or Federal law or rules did not allow time for the required notice. In that case, the HMO would have to provide notification within 30 days after the change.**

Under the Code, not less than 30 days before the effective date of a proposed change in a health maintenance contract or charged rate, an HMO must issue a clear written statement of the extent and nature of the proposed change to each subscriber or group of subscribers who will be affected by the proposed change.

Under the bill, with respect to health maintenance contracts issued in connection with State and Federal health programs under Section 3571 of the Code (described below), advance notice would not be required if the change in a contract or rate arose from a change in the law, a State or Federal administrative order, or an executive order, and the change did not provide for a reasonable period of time for an HMO to give the required notice. In that case, the HMO would have to give notice within 30 days *after* the effective date of the change.

(Section 3571 specifies that an HMO is not precluded from meeting the requirements of, receiving money from, and enrolling beneficiaries or recipients of State and Federal health programs, as long as it meets the Code's solvency and financial requirements and is not in receivership or under supervision. An HMO issuing contracts under Section 3571 is not required to offer benefits or services that exceed the requirements of the State or Federal health program. Section 3571 does not apply to State employee or Federal employee health programs.)

MCL 500.3525

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Steve Angelotti

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.