

HOUSE BILL No. 6588

December 2, 2010, Introduced by Rep. Melton and referred to the Committee on Public Employee Health Care Reform.

A bill to amend 1984 PA 431, entitled
"The management and budget act,"
(MCL 18.1101 to 18.1594) by adding section 280.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 280. (1) BY NOT LATER THAN 60 DAYS AFTER THE EFFECTIVE
2 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE DEPARTMENT
3 SHALL CONTRACT TO HAVE CONDUCTED A BENEFICIARY ELIGIBILITY AUDIT OF
4 THE HEALTH BENEFITS OF COVERED PUBLIC EMPLOYEES. THE AUDIT SHALL
5 MEET ALL OF THE FOLLOWING:

6 (A) PROVIDE AN AMNESTY PERIOD IN WHICH PUBLIC EMPLOYEES ARE
7 INFORMED OF COVERAGE ELIGIBILITY RULES AND PROVIDED A PERIOD OF
8 TIME TO VOLUNTARILY REMOVE ANY INELIGIBLE BENEFICIARIES FROM THE
9 HEALTH BENEFITS PLAN.

1 (B) PROVIDE A VERIFICATION PERIOD THAT GIVES PUBLIC EMPLOYEES
2 SUFFICIENT TIME TO LOCATE INFORMATION NECESSARY TO VERIFY
3 ELIGIBILITY.

4 (C) PROVIDE A PROCESS THAT PERMITS PUBLIC EMPLOYEES TO APPEAL
5 AN INELIGIBILITY OR NONRESPONDENT DECISION.

6 (D) BE COMPLETED BY NOT LATER THAN 180 DAYS AFTER THE
7 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

8 (E) BE CONDUCTED BY A COMPANY THAT AGREES TO THE PAYMENT
9 PROVISIONS AS PROVIDED IN THIS SECTION.

10 (F) BE CONDUCTED IN COMPLIANCE WITH THE HEALTH INSURANCE
11 PORTABILITY AND ACCOUNTABILITY ACT OF 1996, PUBLIC LAW 104-191.

12 (2) THE STATE SHALL NOT PAY FOR THE BENEFICIARY ELIGIBILITY
13 AUDIT UNLESS A BREAK-EVEN POINT IS ACHIEVED. A BREAK-EVEN POINT
14 OCCURS WHEN THE TOTAL OF ALL INDIVIDUAL REALIZED SAVINGS IS EQUAL
15 TO THE AUDIT COMPANY'S ACTUAL COST OF CONDUCTING THE AUDIT.

16 (3) IF THE TOTAL OF ALL INDIVIDUAL REALIZED SAVINGS EXCEEDS
17 THE AUDIT COMPANY'S ACTUAL COST OF CONDUCTING THE AUDIT, THE AUDIT
18 COMPANY SHALL BE PAID THE ACTUAL COST UNDER SUBSECTION (2) AND A
19 PERCENTAGE OF THE NET REALIZED SAVINGS AS AGREED TO BY THE
20 DEPARTMENT AND THE AUDIT COMPANY.

21 (4) IF A PUBLIC EMPLOYER HAS INDIVIDUAL REALIZED SAVINGS, THE
22 STATE SHALL CHARGE TO THE PUBLIC EMPLOYER THE PUBLIC EMPLOYER'S PRO
23 RATA SHARE OF AMOUNTS PAID UNDER SUBSECTIONS (2) AND (3).

24 (5) A PUBLIC EMPLOYER DESCRIBED IN SUBSECTION (6) (G) (ii) WHO
25 HAS CONDUCTED OR HAS HAD CONDUCTED A BENEFICIARY ELIGIBILITY AUDIT
26 IN THE 36-MONTH PERIOD BEFORE THE EFFECTIVE DATE OF THE AMENDATORY
27 ACT THAT ADDED THIS SECTION IS NOT REQUIRED TO PARTICIPATE IN A

1 BENEFICIARY ELIGIBILITY AUDIT UNDER THIS SECTION.

2 (6) AS USED IN THIS SECTION:

3 (A) "ACTUAL COST" MEANS THE ACTUAL COST INCURRED BY THE AUDIT
4 COMPANY TO COMPLETE THE AUDIT UNDER THIS SECTION, AS INDEPENDENTLY
5 VERIFIED.

6 (B) "CARRIER" MEANS A PERSON THAT PROVIDES HEALTH BENEFITS,
7 COVERAGE, OR INSURANCE TO AN INDIVIDUAL UNDER A HEALTH BENEFIT PLAN
8 IN THIS STATE. FOR THE PURPOSES OF THIS SECTION, CARRIER INCLUDES A
9 HEALTH INSURANCE COMPANY OR HEALTH MAINTENANCE ORGANIZATION
10 AUTHORIZED TO DO BUSINESS IN THIS STATE, A HEALTH CARE CORPORATION
11 OPERATING PURSUANT TO THE NONPROFIT HEALTH CARE CORPORATION REFORM
12 ACT, 1980 PA 350, MCL 550.1101 TO 550.1704, OR ANY OTHER PERSON
13 PROVIDING A PLAN OF HEALTH BENEFITS, COVERAGE, OR INSURANCE SUBJECT
14 TO STATE INSURANCE REGULATION.

15 (C) "HEALTH BENEFITS" MEANS MEDICAL, SURGICAL, OR HOSPITAL
16 CARE BENEFITS.

17 (D) "INDIVIDUAL REALIZED SAVINGS" MEANS THE REALIZED SAVINGS
18 FOR EACH PUBLIC EMPLOYER PARTICIPATING IN THE AUDIT UNDER THIS
19 SECTION.

20 (E) "NET REALIZED SAVINGS" MEANS THE SUM OF ALL INDIVIDUAL
21 REALIZED SAVINGS LESS ACTUAL COST.

22 (F) "PUBLIC EMPLOYEE" MEANS AN EMPLOYEE, OFFICER, OR ELECTED
23 OFFICIAL OF A PUBLIC EMPLOYER, OR AN EMPLOYEE RETIRED FROM
24 EMPLOYMENT WITH A PUBLIC EMPLOYER, WHO IS RECEIVING HEALTH BENEFITS
25 COVERAGE FUNDED IN WHOLE OR IN PART BY A PUBLIC EMPLOYER.

26 (G) "PUBLIC EMPLOYER" MEANS THE FOLLOWING:

27 (i) THE STATE.

1 (ii) ANY OF THE FOLLOWING THAT IS NOT EXEMPT UNDER SUBSECTION
2 (5):

3 (A) A CITY, VILLAGE, TOWNSHIP, COUNTY, OR OTHER POLITICAL
4 SUBDIVISION OF THIS STATE.

5 (B) AN INTERGOVERNMENTAL, METROPOLITAN, OR LOCAL DEPARTMENT,
6 AGENCY, OR AUTHORITY OR OTHER LOCAL POLITICAL SUBDIVISION.

7 (C) A SCHOOL DISTRICT, A PUBLIC SCHOOL ACADEMY, OR AN
8 INTERMEDIATE SCHOOL DISTRICT, AS THOSE TERMS ARE DEFINED IN THE
9 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO 380.1852.

10 (D) A COMMUNITY COLLEGE OR JUNIOR COLLEGE DESCRIBED IN SECTION
11 7 OF ARTICLE VIII OF THE STATE CONSTITUTION OF 1963.

12 (E) A PUBLIC UNIVERSITY DESCRIBED IN SECTION 4, 5, OR 6 OF
13 ARTICLE VIII OF THE STATE CONSTITUTION OF 1963.

14 (F) A BOARD OR OTHER ADMINISTRATOR OF A PUBLIC EMPLOYEE OR
15 OFFICER RETIREMENT SYSTEM.

16 (H) "REALIZED SAVINGS" MEANS THE SAVINGS THAT OCCUR WHEN AN
17 INELIGIBLE BENEFICIARY HAS BEEN IDENTIFIED AND REMOVED FROM THE
18 HEALTH BENEFIT PLAN PROVIDED BY THE PUBLIC EMPLOYER. FOR A CARRIER-
19 ISSUED HEALTH BENEFIT PLAN PROVIDED BY THE PUBLIC EMPLOYER,
20 REALIZED SAVINGS OCCUR WHEN THE PREMIUM IS ADJUSTED BY THE CARRIER
21 TO REFLECT LOWER HEALTH BENEFIT PLAN ENROLLMENT. FOR A SELF-FUNDED
22 HEALTH BENEFIT PLAN PROVIDED BY THE PUBLIC EMPLOYER, REALIZED
23 SAVINGS OCCUR WHEN A BENEFICIARY IS REMOVED FROM THE PLAN.