

Legislative Analysis



SCHOOL MEDICAL BENEFIT PLANS

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House Bill 4700 (Substitute H-3)
Sponsor: Rep. Deb Shaughnessy
Committee: Education

Complete to 6-23-11

A SUMMARY OF HOUSE BILL 4700 (H-3) AS REPORTED FROM COMMITTEE

House Bill 4700 (H-3) would amend the Revised School Code (MCL 380.1255a) to require school districts and charter schools having more than 100 employees to offer medical benefit plans only if district officials are allowed access, electronically, to all claims utilization and cost information.

Specifically, the bill would prohibit the board of a school district, intermediate school district, or charter school with more than 100 employees that offers a medical benefit plan, or that participates in an arrangement or letter of intent described in Section 15(2) of the Public Employees Health Benefit Act of 2007 for a medical benefit plan, from entering into a contract for that plan unless the contract provided for one of the following:

- That the school district or charter school was a policyholder for the medical benefit plan, and, at all times during the period of the contract, had access by electronic means to at least all of the claims utilization and cost information described in Section 15 of the Public Employees Health Benefit Act; or
- That, within 10 business days after making a written request, the school district or charter school would be given access, by electronic means, to at least all of the claims utilization and cost information described in Section 15 of the Public Employees Health Benefit Act.

Section 15 of the Public Employees Health Benefit Act would be amended by House Bill 4752 to require that the following information be provided to the public employer. (A separate summary is also available for House Bill 4752.)

- A census of all covered employees, including all of the following: year of birth, gender, zip code, the contract coverage type (single, dependent, or family, and number of covered individuals) and employee job classification.
- Claims data for the employee group covered by the medical benefit plan, including all of the following:
 - For a *plan that provided health benefits*, information about hospital and medical claims presented in a manner that clearly shows all of the following for each of the three most recent experience years: number and

total expenditures for hospital and medical claims, as well as the number of those claims exceeding \$50,000, the total expenditures for claims exceeding \$50,000, provider discounts received versus charged amount, and network access fee.

- For a *plan that provided prescription drug benefits*, information concerning prescription drugs claims under the plan, presented in a manner that clearly shows all of the following: the amount charged and the amount paid for prescription drugs claims, brand prescription drugs, and generic prescription drugs for each of the three most recent experience years; the top 50 brand and generic prescriptions for which claims were made for the most recent experience period; and rebates received by the carrier or pharmacy benefits manager for each of the three most recent experience years;
- For a *plan that provided dental benefits and for a plan that provided optical benefits*, information concerning claims and total expenditures for these claims, presented in a manner that clearly showed at least all of the following for each of the three most recent experience years: number of claims submitted and total charge; the number of and total expenditures for claims paid; total expenditures for claims submitted to network providers; total savings realized by network providers; and network access fee.

Section 15, as amended by House Bill 4752, also specifies that the plans make available electronically information about the fees and administrative expenses for the most recent experience year, reported separately for health, dental, and optical plans, and presented in a manner that clearly shows at least all of the following: (1) the total dollar amount of fees and administrative expenses for the current rating year; (2) commissions or fees paid to agents, brokers, or consultants (including an stop loss insurance commission); (3) administration fees charged by an insurance carrier or third party administrator, including but not limited to claim administration, risk, non-group conversion subsidy, and taxes; (4) specific stop loss insurance charges and attachment point; (5) aggregate stop loss insurance charges and attachment point; (6) additional fees for case management, precertification, or other claim services; and (7) other fees.

House Bill 4700 defines "medical benefit plan" to mean that term as defined in Section 3 of the Public Employees Health Benefit Act. There, the term is defined as follows: "Medical benefit plan" means a plan, established and maintained by a carrier or one or more public employers, that provides for the payment of medical, optical, or dental benefits, including, but not limited to, hospital and physician services, prescription drugs, and related benefits, to public employees.

(The bill also specifies that for a medical benefit plan with fewer than 100 employees, the provision described above would not affect the ability of the school district or charter school to be a policyholder for their medical benefit plan.)

FISCAL IMPACT:

The bill, together with House Bill 4752, would have no fiscal impact on the State, but would have an indeterminate fiscal impact on local and intermediate school districts.

To the extent that the bills would require that school districts have more complete access to health care claims and experience data, they could create potential savings for certain districts with a history of low health care costs by allowing them to more competitively bid out their health insurance. Districts with a history of higher health care costs would not likely achieve the same benefit from the bills and may see their health care costs increase if they participate in a pool whose membership decreases and is largely made up of similar districts with high health care cost experience.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.