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BILL ANALYSIS

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House Bill 4700 (Substitute H-3 as passed by the House)
Sponsor: Representative Deb Shaughnessy
House Committee: Education

CONTENT

The bill would amend the Revised School Code require certain provisions ensuring access to claims utilization and cost information to be included in a contract for a medical benefit plan for 100 or more public employees of a school district, intermediate school district (ISD), or public school academy (PSA).

Specifically, if a school district, ISD, or PSA had 100 or more employees in a medical benefit plan, or participated in an arrangement or letter of intent described in the Public Employee Health Benefits Act (involving two or more public employers that together have 100 or more employees) for a medical benefit plan for 100 or more public employees, the board of the district, ISD, or PSA could not enter into a contract for that plan unless it provided for one of the following:

- That the district, ISD, or PSA was a policyholder for the plan and, at all times during the period of the contract, would have access by electronic means to at least all of the claims utilization and cost information described in the Public Employee Health Benefits Act.
- That, within 10 business days after making a written request, the district, ISD, or PSA would be given access by electronic means to at least all of that claims utilization and cost information.

Proposed MCL 380.1255a

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on the State.

If the bill resulted in a district having more (or complete) access to its own employees' health care claims data, it is possible that the district could engage in a more informed competitive bidding process when purchasing health insurance. However, whether this additional information would lead to increased savings or costs is indeterminate.

It is possible that "healthy" districts with relatively low health care claims could secure lower-cost health care coverage once those districts had access to the claims data, but it is also possible that less healthy districts could end up paying more as the healthier districts changed insurers and left group pooling. However, either of these possibilities is simply conjecture, since it is unknown how each district would fare when seeking bids for health insurance, given the additional claims data that would become available if every district (with more than 100 employees) providing an employee group insurance benefit were given access to claims utilization and cost information, as the bill would require.

Date Completed: 6-28-11

Fiscal Analyst: Kathryn Summers

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Bill Analysis @ www.senate.michigan.gov/sfa

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