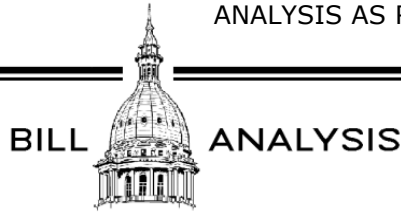




Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 820 (as reported without amendment)
Sponsor: Senator Joe Hune
Committee: Insurance

(enacted version)

Date Completed: 3-21-14

RATIONALE

Public Acts 4 and 5 of 2013 allowed Blue Cross Blue Shield of Michigan, or BCBSM, to make the transition from operating as a nonprofit health care corporation to operating as a nonprofit mutual disability insurer. Under the Public Health Code, as a nonprofit health care corporation, BCBSM was entitled to representation on the Certificate of Need Commission. Upon its merger into a new entity, the provisions in the Code granting BCBSM its representation on the Commission no longer apply. To address this issue, it has been suggested that a member of the Commission should represent the nonprofit mutual disability insurer into which BCBSM merged.

CONTENT

The bill would amend the Public Health Code to include on the Certificate of Need Commission an individual representing a nonprofit mutual disability insurer into which a nonprofit health care corporation (BCBSM) has merged, as an alternative to a person representing a nonprofit health care corporation.

The Code states that, unless otherwise provided, a person may not undertake any of the following actions unless the person first obtains a certificate of need:

- Acquire an existing health facility or begin operation of a health facility at a site that is not currently licensed for that type of health facility.
- Make a change in the bed capacity of a health facility.
- Initiate, replace, or expand a covered clinical service.
- Make a covered capital expenditure.

The certificate of need standards are developed, revised, and approved by the Certificate of Need Commission. The certificate of need standards are used by the Department of Community Health in evaluating and granting or denying certificate of need applications. The Commission consists of 11 members appointed by the Governor with the advice and consent of the Senate. Members serve a three-year term.

The Commission includes a member, or members, representing hospitals, labor unions, physicians licensed to practice medicine, nurses, nursing homes, a school of medicine or osteopathic medicine, companies that are self-insured and not self-insured for health coverage, and a nonprofit health care corporation.

The bill would require one member to represent either BCBSM or a nonprofit mutual disability insurer that BCBSM has merged into as provided in the Insurance Code.

MCL 333.22211

BACKGROUND

Public Acts 4 and 5 of 2013 amended the Nonprofit Health Care Corporation Reform Act and the Insurance Code, respectively, to change the way that BCBSM is regulated, allow the formation of a nonprofit mutual disability insurer, and permit BCBSM to merge with the new nonprofit mutual disability insurer (MCL 550.1120). This merger was completed in January 2014. The surviving company is still known as BCBSM, and is required to continue as a nonprofit entity and provide coverage to the individual and small group health markets (MCL 500.5805). In addition, the new BCBSM has taken over the performance of the former BCBSM's contractual and policy obligations.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

This bill would fix an issue that was not resolved with the legislation relating to the merger enacted early in 2013. The bill would ensure that Blue Cross Blue Shield of Michigan, the largest health insurer in the State, maintained its representation on the Certificate of Need Commission.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

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

Fiscal Analyst: Steve Angelotti

A1314\sb820a

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.