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Senate Bill 1033 (as enacted)  
Sponsor: Senator Patrick J. Colbeck  
Senate Committee: Insurance  
House Committee: Insurance

**PUBLIC ACT 522 of 2014**

Date Completed: 4-1-15

**CONTENT**

**The bill amended the Insurance Code to do the following:**

- **Specify that a medical retainer agreement is not insurance, entering into such an agreement is not the business of insurance, and neither is subject to the Code.**
- **Specify that a health care provider, or the agent of a health care provider, is not required to have a certificate of authority or license under the Code to market, sell, or offer to sell a medical retainer agreement.**
- **Prescribe the requirements for an agreement to be considered a medical retainer agreement.**

The bill took effect March 31, 2015.

The bill defines "medical retainer agreement" as "a contract between a health care provider and an individual patient or his or her legal representative in which the health care provider agrees to provide routine health care services to the individual patient for an agreed-upon fee and period of time".

To be considered a medical retainer agreement for the purposes of the bill, the agreement must be in writing and be signed by the health care provider or agent of the health care provider and the individual patient or his or her legal representative. The agreement also must do all of the following: a) allow either party to terminate the agreement on written notice to the other party, b) describe and quantify the specific routine health care services included in the agreement, c) specify the fee for the agreement, d) specify the period of time under the agreement, e) prominently state that the agreement is not health insurance, f) prohibit the health care provider and the patient from billing an insurer or other third party payer for the services provided under the agreement, and g) prominently state that the individual patient must pay the provider for all services not specified in the agreement and not otherwise covered by insurance.

The bill defines "health care provider" as an individual or other legal entity that is licensed, registered, or otherwise authorized to provide a health care service in this State under the Public Health Code. A health care provider includes an individual or other legal entity alone or with others professionally associated with the individual or other legal entity.

The bill specifies that "routine health care service" means only the following:

- Screening, assessment, diagnosis, and treatment for the purpose of promoting health or detecting and managing disease or injury.

- Medical supplies and prescription drugs dispensed in a health care provider's office or facility site.
- Laboratory work.

Laboratory work includes routine blood screening or routine pathology screening performed by a laboratory that either is associated with the health care provider that is a party to the medical retainer agreement, or has entered into an agreement with the health care provider to provide the laboratory work without charging a fee to the patient for the work.

MCL 500.129

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

To the extent that entities choose to provide health care coverage through a medical retainer agreement instead of more traditional insurance, the State will see a reduction in Health Insurance Claims Assessment (HICA) revenue. The HICA rate is currently 0.75%, so each \$1.0 million in coverage shifted from traditional insurance to a medical retainer agreement will result in a reduction in State revenue of \$7,500. While HICA revenue is Restricted, it is used to offset GF/GP revenue in the Medicaid program, so the net impact for each \$1.0 million shifted will be an increase in GF/GP costs of \$7,500.

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.