

# SENATE BILL No. 422

June 11, 2013, Introduced by Senator CASWELL and referred to the Committee on Appropriations.

A bill to create a low-income health plan; to create a low-income health plan trust fund; to provide for the powers and duties of certain state and local governmental officers and entities; to allow for the promulgation of rules; and to promote the availability and affordability of health coverage in this state.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. (1) This act shall be known and may be cited as the  
2 "Michigan low-income health plan act".

3       (2) As used in this act, the words and phrases defined in  
4 sections 3 to 7 have the meanings ascribed to them in those  
5 sections.

6       Sec. 3. (1) "Covered primary care benefits" means the health  
7 care treatment and services that are covered under the plan as  
8 established by the director under section 11.

1 (2) "Department" means the department of community health.

2 (3) "Director" means the director of the department.

3 (4) "Eligible individual" means an individual who meets all of  
4 the following:

5 (a) Is a resident.

6 (b) Is not eligible to enroll in medicaid, medicare, or the  
7 state children's health insurance program authorized under title  
8 XIX of the social security act, 42 USC 1396 to 1396w-5.

9 (c) Has household income that does not exceed 100% of the  
10 federal poverty line, for the size of the family involved.

11 (d) Is not eligible for minimum essential coverage, as defined  
12 in section 5000A(f) of the internal revenue code of 1986, 26 USC  
13 5000A, or is eligible for an employer-sponsored plan that is not  
14 affordable coverage as determined under section 5000A(e)(2) of the  
15 internal revenue code of 1986, 26 USC 5000A.

16 (e) Has not attained age 65 as of the beginning of the plan  
17 year.

18 (f) Is not eligible for benefits through the United States  
19 department of veterans affairs.

20 (5) "Exchange" means an American health benefit exchange  
21 operating in this state pursuant to the federal act.

22 Sec. 5. (1) "Federal act" means the patient protection and  
23 affordable care act, Public Law 111-148, as amended by the health  
24 care and education reconciliation act of 2010, Public Law 111-152.

25 (2) "Federal poverty line" means the poverty line published  
26 periodically in the federal register by the United States  
27 department of health and human services under its authority to

1 revise the poverty line under 42 USC 9902.

2 (3) "Fund" means the Michigan low-income plan trust fund  
3 created in section 9.

4 (4) "Health plan" or "plan" means the Michigan low-income  
5 health plan created under section 11.

6 Sec. 7. (1) "Medicaid" or "medical assistance program" means  
7 the program of medical assistance provided under the social welfare  
8 act, 1939 PA 280, MCL 400.1 to 400.119b, and title XIX of the  
9 social security act, 42 USC 1396 to 1396w-5.

10 (2) "Medicaid contracted health plan" means that term as  
11 defined in section 106 of the social welfare act, 1939 PA 280, MCL  
12 400.106.

13 (3) "Medicare" means the federal medicare program established  
14 under title XVIII of the social security act, 42 USC 1395 to  
15 1395kkk-1.

16 (4) "Member" means an eligible individual who is enrolled in  
17 the health plan and who fulfills all conditions of participation in  
18 the plan as provided in this act or established by the department  
19 under this act.

20 (5) "Resident" means an individual who voluntarily lives in  
21 this state with the intention of making his or her home in this  
22 state and not for a temporary purpose and who is not receiving  
23 public assistance from another state.

24 Sec. 9. (1) The Michigan low-income plan trust fund is created  
25 within the state treasury.

26 (2) The state treasurer may receive money or other assets from  
27 any source for deposit into the fund. The state treasurer shall

1 direct the investment of the fund. The state treasurer shall credit  
2 to the fund interest and earnings from fund investments.

3 (3) Money in the fund at the close of the fiscal year shall  
4 remain in the fund and shall not lapse to the general fund.

5 (4) The department is the administrator of the fund for  
6 auditing purposes.

7 (5) The director shall expend money from the fund only for the  
8 purposes of reducing the premiums and cost-sharing of, or to  
9 provide additional benefits for, eligible individuals enrolled in  
10 the health plan.

11 Sec. 11. (1) The Michigan low-income health plan is created in  
12 the department. The director shall implement and administer the  
13 health plan so that it is in compliance with this act and is  
14 operational by January 1, 2014. The department may promulgate rules  
15 under the administrative procedures act of 1969, 1969 PA 306, MCL  
16 24.201 to 24.328, that it considers necessary or appropriate under  
17 this act.

18 (2) The director shall do all of the following under this act:

19 (a) Implement the plan so that eligible individuals enroll in  
20 the plan through an exchange.

21 (b) Implement the plan so that eligible individuals are  
22 enrolled in the plan with a medicaid contracted health plan.

23 (c) Establish or provide for the establishment of an  
24 enrollment process that identifies whether an individual who is  
25 attempting to enroll in the health plan is eligible for enrollment  
26 in any other public or private health benefit coverage plan and  
27 that directs that individual to enroll in that other health benefit

1 coverage plan.

2 (d) Implement a financial participation requirement so that  
3 members pay a monthly household premium based on household income  
4 for the size of the family involved as follows:

5 (i) For a household with income that is 25% or less of the  
6 federal poverty line, a monthly household premium of \$5.00.

7 (ii) For a household with income that is more than 25% and 50%  
8 or less of the federal poverty line, a monthly household premium of  
9 \$10.00.

10 (iii) For a household with income that is more than 50% and 79%  
11 or less of the federal poverty line, a monthly household premium of  
12 \$15.00.

13 (iv) For a household with income that is more than 79% and 100%  
14 or less of the federal poverty line, a monthly household premium of  
15 \$20.00.

16 (e) Implement the plan so that federally qualified health  
17 centers accept as payment in full for a covered primary care  
18 benefit no more than the medical assistance program pays for the  
19 covered primary care benefit.

20 (f) Implement the plan in a manner that ensures that the plan  
21 is the payor of last resort.

22 (3) The director shall establish or modify the health care  
23 treatment and services that will be covered primary care benefits,  
24 subject to all of the following:

25 (a) Except as otherwise specifically provided in this act,  
26 include at a minimum essential health benefits as described in  
27 section 1302(b) of the federal act.

1 (b) Provide for the coverage of primary care and preventive  
2 services in the same manner as provided for under medicaid  
3 diagnosis related group codes.

4 (c) Provide for the coverage of prescription drugs and require  
5 the use of generic prescription drugs except in the case of  
6 psychotropic and psychotic drugs.

7 (d) Provide for the coverage of certain specified outpatient  
8 hospital procedures.

9 (e) Provide for the coverage of inpatient hospitalization with  
10 coverage limited to an amount not to exceed the amount that would  
11 be payable for that coverage under the medical assistance program.

12 (f) Provide coverage for substance use disorder treatment  
13 services, which services must be bid out based on performance  
14 objectives established by the department.

15 (g) Provide coverage for mental health services that must be  
16 obtained through a prepaid inpatient health plan under the medical  
17 assistance program or other method prescribed by the director.

18 Sec. 12. The department shall transmit all money received  
19 under this act, including all financial participation payments from  
20 members required under section 11, to the state treasurer for  
21 deposit into the fund.

22 Sec. 13. A medicaid contracted health plan shall comply with  
23 this act to enroll eligible individuals as members of the plan. A  
24 medicaid contracted health plan shall comply with performance  
25 objectives established by the department under this act. The  
26 department shall establish clear performance objectives in order to  
27 ensure success of the plan in this state.

1       Sec. 15. Upon enrollment, a member shall comply with all  
2 conditions of participation in the plan, including any financial  
3 participation requirements established under this act. A member who  
4 violates this section may be removed from enrollment in the plan.  
5 An individual who is removed from enrollment in the plan is no  
6 longer eligible for covered primary care benefits.

7       Sec. 17. Beginning April 1, 2015, the department shall  
8 annually report to the legislature regarding its activities under  
9 this act.