



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 966 (as introduced 5-1-18)
Senate Bill 1033 (as introduced 5-29-18)
Sponsor: Senator Joe Hune
Committee: Insurance

Date Completed: 11-28-18

CONTENT

Senate Bill 1033 would amend the Public Health Code to do the following:

- **Require a hospital that accepted payment or reimbursement from a health insurer and used a charge description master (CDM) to make the CDM available on the hospital's website or at the hospital location, as applicable, beginning 180 days after the bill's effective date.**
- **Require the hospital to post a notice in its emergency department, admissions office, and billing office informing patients that the CDM was available.**
- **Prohibit a hospital from entering into any contract that prevented it from making its CDM available as required.**
- **Authorize the Department of Licensing and Regulatory Affairs to impose an administrative fine of up to \$1,000 per day for a violation of the bill.**

Senate Bill 966 would amend the Insurance Code to specify that an insurer that delivered, issued for delivery, or renewed in Michigan a health insurance policy would not be required to pay any claim that was covered by the policy and was submitted to the insurer by a hospital during the time period in which the hospital was found to have violated Senate Bill 1033 by the Department.

The bills are tie-barred to each other.

Each bill would take effect 90 days after its enactment.

Senate Bill 1033

Under the bill, "charge description master" would mean a uniform schedule of charges represented by the hospital as its gross billed charge for a given service or item, regardless of payer type.

If a hospital accepted payment or reimbursement from a health insurer and it used a CDM, the hospital would have to post an electronic copy of it on the hospital's website. If the hospital had no website, it would have to make a written or electronic copy of it available at the hospital location. A hospital also would have to post a clear and conspicuous notice in its emergency department, if any, admissions office, and billing office informing patients that the hospital's CDM was available in the manner described by the bill. These provisions would apply beginning 180 days after the bill's effective date.

A hospital could not enter into a contract that prevented it from making its CDM available as required under the bill.

The Department could impose an administrative fine of up to \$1,000 per day for a violation.

Senate Bill 966

The Insurance Code provides for exceptions to certain provisions for specified entities and requires health professionals, health facilities, home health care providers, and durable medical equipment providers to bill for services using a specified process. The bill would make those exceptions and requirements subject to the bill's provisions.

Under the bill, an insurer that delivered, issued for delivery, or renewed in Michigan a health insurance policy would not be required to pay any claim that was covered by the policy and was submitted to the insurer by a hospital during the time period in which the hospital was found to have violated Section 21517 of the Public Health Code (which Senate Bill 1033 would add) by the Department. This provision would apply to provider contracts that were delivered, executed, issued, amended, adjusted, or renewed in Michigan, or outside of Michigan if covering residents of the State, beginning 180 days after the bill's enactment.

MCL 500.2006 (S.B. 966)
Proposed MCL 333.21517 (S.B. 1033)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

Senate Bill 1033

The bill would have a minor positive fiscal impact on State government and no fiscal impact on local government. The bill allows the Department of Licensing and Regulatory Affairs to impose an administrative fine of up to \$1,000 per day for violation of the amended section. This revenue would be used to support the regulation of licensed health care facilities.

Senate Bill 966

Health insurers generally are subject to statutory requirements to pay clean claims submitted by health providers within 45 days of receiving the claim. Senate Bill 966 would suspend this requirement for those entities that were found to be in violation of the provisions of Senate Bill 1033, which would require hospitals to make their charge description master available on the hospital's Internet website or publicly available in the hospital if the hospital does not have a website. A hospital found to be in violation of Senate Bill 1033's provisions could see delays in its reimbursement if health insurers were able to delay reimbursement of clean claims beyond the 45-day limit outlined in statute. This could lead to cash flow issues for hospitals and potential increased borrowing costs. In the case of public hospitals (generally county-owned or university-owned hospitals), there would be a potential fiscal impact on the public entity that owns the hospital. The magnitude of this fiscal impact is indeterminate, as it is not clear how many of those hospitals would be in violation and how many health insurers would choose to delay payments to hospitals in violation.

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.