



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

BILL ANALYSIS

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

Senate Bill 1205 (as introduced 11-27-18)
Sponsor: Senator Phil Pavlov
Committee: Michigan Competitiveness

Date Completed: 12-4-18

CONTENT

The bill would amend the Public Employees Health Benefit Act to do the following:

- Specify that a public employer that had 50 or more employees, instead of 100 or more employees, in a medical benefit plan would have to be provided with claims utilization and cost information, and otherwise refer to 50 or more employees, instead of 100 or more employees, in related provisions.**
- Require claims utilization and cost information to be made available in an electronic, spreadsheet compatible format.**
- Revise the information that must be included in the complete and accurate claims utilization and cost information.**
- Modify claims utilization and cost information compilation deadlines.**

The bill would take effect 90 days after its enactment.

Claims Utilization and Cost Information Eligibility

Under the Act, a public employer that has 100 or more employees in a medical benefit plan must be provided with claims utilization and cost information. The bill would decrease, from 100 to 50, the number of employees specified in this provision.

Under the Act, a public employer that is in an arrangement with one or more other public employers, and together have 100 or more employees in a medical benefit plan or have signed a letter of intent to enter together 100 or more public employees into a medical benefit plan, must each be provided with claims utilization and cost information that is aggregated for all the public employees together of those public employers, and must not be separated out for any of those public employers. The bill would decrease, from 100 to 50, the number of employees in this provision.

Complete and Accurate Claims Utilization and Cost Information

The Act requires all medical benefit plans in Michigan to compile, and make available electronically, complete and accurate claims utilization and cost information for the medical benefit plan in the aggregate and for each public employer. Under the bill, medical benefit plans in Michigan would have to compile and make available electronically and in a spreadsheet-compatible format complete and accurate claims utilization and cost information for the medical benefit plan in the aggregate and for each public employer entitled to that information under the Act and each subgroup of public employees of such a public employer if the subgroup had 50 or more public employees covered by the medical benefit plan.

The Act lists the information that must be included in the complete and accurate claims utilization and cost information as described above. This information includes claims data for the employee group covered by the medical benefit plan, including, for a plan that provides health benefits, information concerning hospital and medical claims under the plan, presented in a manner that clearly shows all of the following for each of the three most recent experience years: a) number and total costs for hospital and medical claims; and b) number of hospital, medical, and total costs for claims exceeding \$50,000.

Under the bill, the information would have to include incurred and paid claims data for the employee group covered by the medical benefit plan, including, for a plan that provided medical benefits, information concerning enrollment and hospital and medical claims under the plan, presented in a manner that clearly showed all of the following:

- For each month, the total number of covered employees and individuals and the number of covered employees and individuals in each contract coverage type included in the census concerning the contract coverage type.
- Number and total costs for inpatient and outpatient claims for each month.
- Number and total costs for all other medical claims for equipment, devices, and services, including services rendered in the private office of a physician or other health professional, for each month.

For a plan that provides prescription drug benefits, the Act requires the complete and accurate claims utilization and cost information must include information concerning prescription drugs claims under the plan, presented in a manner that clearly shows all of the following:

- The amount charged and amount paid for prescription drugs claims for each of the three most recent experience years.
- The total amount charged and amount paid for brand and generic prescription drugs claims for each of the three most recent experience years.
- The 50 most frequently prescribed brand and generic prescription drugs for which claims were made for the most recent experience period.

Under the bill, for a plan that provided prescription drug benefits, the complete and accurate claims utilization and cost information would have to include information concerning prescription drugs claims under the plan, presented in a manner that clearly showed all of the following:

- For each month, the total number of covered employees and individuals and the number of covered employees and individuals in each contract coverage type included in the census concerning the contract coverage type.
- The amount charged and paid for prescription drugs claims for each month.
- The total amount charged and amount paid for brand and generic prescription drugs claims for each month.
- The total amount charged and amount paid for specialty prescription drug claims for each month.
- The 50 prescription drugs for which claims were most frequently paid.
- The 50 prescription drugs for which costs were the largest.

For a plan that provided medical or prescription drug benefits, in addition to the information required above, as applicable, the complete and accurate claims utilization and cost information would have to include information concerning covered individuals with total medical or prescription drug claims, or both, exceeding \$25,000 for any 12-month period for which claims utilization and cost information were provided, presented in a manner that clearly showed all of the following separately for each covered individual:

- Total medical costs for the individual.
- Total prescription drug costs for the individual.
- Whether the covered individual was currently covered by the medical benefit plan.
- The covered individual's diagnoses.

For health, dental, and optical plans, the complete and accurate claims utilization and cost information must include a benefit summary for the current year's plan and, if benefits have changed during and of the three most recent experience years, a brief benefit summary for each of those experience years for which the benefits were different.

Under the bill, for medical, prescription drug, dental, and optical plans, the complete and accurate claims utilization and cost information would have to include a benefit summary for the current year's plan and, if benefits had changed during any of the two most recent 12-month periods for which claims utilization and cost information were provided, a brief benefit summary for each of those periods for which the benefits were different.

Claims Utilization and Cost Information Compilation Deadlines

Except as otherwise provided, the Act specifies that claims utilization and cost information required to be compiled must be compiled on an annual basis and must cover a relevant period. "Relevant period" means the 36-month period ending no more than 120 days before the effective date or renewal date of the medical benefit plan under consideration. However, if the plan has been in effect for a period of less than 36 months, the relevant period must be that shorter period. The bill would amend these provisions.

Under the bill, claims utilization and cost information would have to be compiled as follows: a) on an annual basis; and b) at the request of a public employer, who could not request claims utilization and cost information more than four times per calendar year.

Claims utilization and cost information compiled upon the request of a public employer would have to be compiled within 30 days after the request. Compiled claims utilization and cost information would have to cover a relevant period. "Relevant period" would mean the 24-month period ending no more than 60 days before the compilation of the information for the medical benefit plan under consideration. However, if the plan had been in effect for a period of less than 24 months, the relevant period would have to be that shorter period.

MCL 124.73 & 124.85

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

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

Fiscal Analyst: Joe Carrasco

SAS\S1718\s1205sa

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.