



Senate Fiscal Agency
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Senate Bill 27 (Substitute S-3 as reported)

Sponsor: Senator Sarah Anthony

Committee: Health Policy

CONTENT

The bill would amend Chapter 34 (Disability Insurance Policies) of the Insurance Code to require an insurer that delivered, issued for delivery, or renewed a health insurance policy in the State to provide coverage for mental health and substance use disorder services (MH/SUD). The MH/SUD's financial requirements could not be more restrictive than those of medical or surgical benefits, providing parity between the two.

Proposed MCL 500.3406hh

Legislative Analyst: Alex Krabill

BRIEF RATIONALE

Federal rules require the parity proposed by the bill in federally provided health plans. Some people have concern that the Federal parity requirements could be repealed, and so it has been suggested that the parity requirements should be codified in State law.

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is a reintroduction of House Bill 5709 from the 2021-2022 Legislative Session.

FISCAL IMPACT

The bill could have a fiscal impact on State government and no fiscal impact to local units of government. As Medicaid and the Children's Health Insurance Program (CHIP) are public health plans through which enrollees acquire health coverage and are not group health plans or issuers of health insurance, these programs are subject to Federal rulemaking that requires MH/SUD parity for Medicaid managed care organizations and CHIP.¹ Self-funded non-Federal governmental health plan coverage to its employees may elect to exempt its plan from parity in the application of MH/SUD parity. As of July 31, 2023, the State of Michigan has four health plans that have elected to opt-out of the parity in the application of MH/SUD benefits.² Data from the Michigan Civil Service Commission shows that of the approximately 42,600 State employees who receive health benefits from the State, 24,500 or 57.5% of the health insurance coverage would not be subject to regulation under the bill. All four of these listed plans are for State of Michigan employees or retirees, rather than for local units of government. The remaining 42.5% of health insurance coverage for State employees would be subject to meeting the requirement for MH/SUD parity. The State of Michigan employee health programs that are considered health insurance policy as defined by current law and do not meet the requirements listed in the bill would be a fiscal cost to the State.

Date Completed: 10-13-23

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¹ Federal Register 81 FR 18390, 42 CFR Parts 438, 440, 456, and 457

² <https://www.cms.gov/files/document/hipaaoptouts03182021.pdf>