

Legislative Analysis



NOTIFICATION TO DCH OF OTHER COVERAGE FOR MEDICAID-ELIGIBLE INDIVIDUALS

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House Bill 6231

Sponsor: Rep. Bob Constan

Committee: Government Operations

Complete to 6-21-10

A SUMMARY OF HOUSE BILL 6231 AS INTRODUCED 6-1-210

Public Act 593 of 2006 created a new act under which health insurers and similar entities must provide the Department of Community Health with information each month necessary to determine if a recipient of health coverage is also a Medicaid recipient. The information must be provided in a format determined by DCH.

The aim of the act is to allow the Medicaid program, which is supposed to be a payor of last resort, to determine if eligible individuals have other health insurance, so as to avoid paying for health care services or to recover payments for services provided by Medicaid.

House Bill 6231 would amend PA 593 in the following ways.

** The bill would include no-fault automobile insurance companies among the entities that must provide information to DCH. (Specifically, the provision applies to "a party legally responsible for payment of a claim arising out of Chapter 31 of the Insurance Code," which is the chapter containing the no-fault statute.)

The entities currently listed in the act include Blue Cross and Blue Shield, commercial health insurance companies, health maintenance organizations (HMOs), preferred provider organizations (PPOs), managed care corporations, prudent purchaser organizations, self-funded health plans, and certain other specified providers of health care delivery and financing. Third-party administrators are also included. The bill, as noted, specifically adds no-fault auto insurers.

** The bill would also require health insurance-related entities to provide the DCH with information to allow the department to determine if a health coverage recipient is a child support order dependent or is subject to a child support order. This would be in addition to the Medicaid-related information. The bill also says, regarding the role of these entities, that an entity is required to respond to any department inquiry concerning a request for health coverage verification.

Under the bill, if DCH determines that a health coverage recipient is also a child support order dependent or is subject to a child support order, the department could share the information it receives from entities with the Department of Human Services to enable the DHS to update its child order database.

** Currently, the act says an entity cannot deny a claim submitted by the DCH solely on the basis of the date of its submission, the type or format of the claim form, or a failure to provide proper documentation, as long as the claim is submitted within three years of the health care being provided and any action by the state to enforce its rights is begun within six years of the provision of service or goods. House Bill 6231 would also prohibit the denial of a claim based on "the method of the submission of the claim."

** The bill also would specify that if a health coverage recipient is also a Medicaid recipient, the health insurance entity could not deny a health claim for which Medicaid payment had been made solely because prior authorization was not received. Where prior authorization had not been received, the entity would have to adjudicate the health claim as if the prior authorization had been requested.

** Currently, the penalty provision in the act imposes a \$500 per day maximum fine for each day a health insurance-related entity fails to comply with the requirement to provide information or fails to answer a request for information from DCH. House Bill 6231 would increase the maximum administrative fine to \$750 per day.

MCL 550.281 et al.

FISCAL IMPACT:

The Department of Community Health will be able to recover Medicaid payments and cost-avoid future Medicaid payments with the enactment of HB 6231. The amount of the recovery is indeterminate.

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