



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



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 693 (Substitute S-2 as reported)
Sponsor: Senator Jim Marleau
Committee: Health Policy

CONTENT

The bill would create the "MiHealth Marketplace Act" to provide for the establishment of the MiHealth Marketplace, a nonexclusive clearinghouse for health benefit plans. Specifically, the bill would do the following:

- Require the Marketplace to foster a competitive market for health insurance in Michigan, and serve as a market facilitator to promote the purchase and sale of qualified health plans and to disseminate information regarding those plans to consumers.
- Create the MiHealth Marketplace Board to organize and govern the Marketplace, and require a majority of the Board members to represent the interests of health care consumers.
- Require the Board to establish the Marketplace as a nonprofit corporation.
- Require the Board to appoint an executive director to manage the Marketplace.
- Require the Marketplace to make "qualified health plans" available for purchase and enrollment by qualified individuals and employers by January 1, 2014.
- Require the Marketplace to establish a small business health options program (SHOP) through which qualified employers could provide coverage for their employees and Federally recognized Indian tribes could provide coverage for their tribal members.
- Prescribe financial integrity requirements for the Marketplace.
- Require the Marketplace to contract with the Office of Financial and Insurance Regulation (OFIR) to certify health benefit plans as qualified health plans that could be offered through the Marketplace.
- Specify that the Act would not authorize the Marketplace to spend State funds.
- Authorize the Marketplace to charge assessments or user fees to participating health carriers to support its operations.
- Require the Marketplace to submit to the OFIR Commissioner and the Legislature a proposed rate increase and its justification for the proposal, and allow the Commissioner to reject it as unnecessary within 60 days.

In addition, the bill would do the following:

- Require the Senate Majority Leader and the Speaker of the House of Representatives to establish a joint committee to review the Federal Patient Protection and Affordable Care Act, as amended, and its implications with regard to the MiHealth Marketplace Act.
- Require the joint committee to report its findings to the Legislature by January 1, 2014, or within 30 days after any part of the Federal Act was declared unconstitutional, repealed, or otherwise altered, whichever was earlier.
- Require the OFIR Commissioner to order the suspension of the operation of the SHOP if the part of the Federal Act requiring the SHOP's establishment were declared unconstitutional or repealed.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would result in unknown, higher costs to the Department of Licensing and Regulatory Affairs. These costs would be covered by Federal grants until 2015, and user fees charged to health carriers thereafter. The bill does not specify the level of these fees, nor is it known at this time how much these fees would be required to raise to support the operations of the MiHealth Marketplace.

Members of the proposed MiHealth Marketplace Board would serve without compensation, but could be reimbursed for necessary and actual expenses incurred. These costs would likely be related to travel and would be borne by existing Department resources. The MiHealth Marketplace would cost an unknown amount. Other states have already begun implementing health insurance exchanges and have received Federal grants to do so. All costs associated with the creation of the MiHealth Marketplace would be covered by Federal grants through 2014, after which states are expected to find a funding mechanism for their exchanges. The bill would provide ongoing funding for the exchange through unspecified user fees charged to health carriers.

The Department applied for the first round of Federal grants on September 30, 2011, requesting \$9.8 million for its Level 1 Exchange Establishment Grants. It is likely that additional funding will be requested going forward. For purposes of comparison, Oregon has reported receiving \$9.0 million for its Level 1 Exchange Establishment Grants, and California has reported receiving \$39.0 million for its Level 1 grants.

Date Completed: 11-10-11

Fiscal Analyst: Josh Sefton

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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.