Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1033 (as reported without amendment)
Sponsor: Senator Patrick J. Colbeck
Committee: Insurance

CONTENT

The bill would amend the Insurance Code to specify that a medical retainer agreement would not be insurance, entering into such an agreement would not be the business of insurance, and neither would be subject to the Code. Under the bill, a health care provider, or the agent of a health care provider, would not be required to have a certificate of authority or license under the Code to market, sell, or offer to sell a medical retainer agreement.

The bill would define "medical retainer agreement" as "a contract between a health care provider and an individual patient or his or her legal representative in which the health care provider agrees to provide routine health care services to the individual patient for an agreed-upon fee and period of time".

To be considered a medical retainer agreement for the purposes of the bill, the agreement would have to be in writing and be signed by the health care provider or agent of the health care provider and the individual patient or his or her legal representative. The agreement also would have to do the following: a) allow either party to terminate the agreement on written notice to the other party, b) describe the specific routine health care services that were included in the agreement, c) specify the fee for the agreement, d) specify the period of time under the agreement, e) state that the agreement was not health insurance, and f) prohibit the health care provider, but not the patient, from billing an insurer or other third party payer for the services provided under the agreement.

Proposed MCL 500.129 Legislative Analyst: Jeff Mann

FISCAL IMPACT

To the extent that entities chose to provide health care coverage through a medical retainer agreement instead of more traditional insurance, the State would see a reduction in Health Insurance Claims Assessment (HICA) revenue. The HICA rate is currently 0.75%, so each $1.0 million in coverage shifted from traditional insurance to a medical retainer agreement would result in a reduction in State revenue of $7,500. While HICA revenue is Restricted, it is used to offset GF/GP revenue in the Medicaid program, so the net impact for each $1.0 million shifted would be an increase in GF/GP costs of $7,500.

Date Completed: 9-24-14 Fiscal Analyst: Steve Angelotti