



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1166 (as enrolled)
 Sponsor: Senator Art Miller, Jr.
 Committee: Financial Services

Date Completed: 10-1-96

RATIONALE

Public Act 302 of 1989 repealed Chapter 78 of the Insurance Code, which dealt with liquidation and receivership, and replaced it with Chapter 81, which deals with supervision, rehabilitation, and liquidation. The Public Health Code's provisions governing health maintenance organizations (HMOs) specify that, for purposes of liquidation or receivership, the Insurance Commissioner has the same authority over an HMO that he or she would have relative to a Michigan insurer under Chapter 78 of the Insurance Code. Some people believe that the Health Code's HMO provisions should be updated to include the Commissioner's authority regarding rehabilitation and supervision, as well as liquidation and receivership, and to refer to Chapter 81 of the Insurance Code.

CONTENT

The bill would amend the Public Health Code to add "supervision" and "rehabilitation" to the Insurance Commissioner's authority over the operation of a health maintenance organization.

Currently, for purposes of liquidation or receivership, the Public Health Code provides that an HMO must be treated in the same manner as an insurer under Chapter 78 of the Insurance Code, and that the Commissioner has the same authority to act as custodian or receiver of an HMO as he or she has to act regarding a domestic insurance corporation under Chapter 78. Under the bill, an HMO would have to be treated in the same manner as an insurer for purposes of supervision, rehabilitation, liquidation, or receivership, and the Insurance Commissioner would have the same authority to act regarding an HMO as he or she has to act regarding a domestic insurance corporation under Chapter 81 of the Insurance Code.

MCL 333.21027

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill simply would update the language in the Public Health Code's HMO provisions, regarding the Insurance Commissioner's authority over an HMO, to bring those provisions into conformity with the Commissioner's powers relative to a domestic insurer as specified in the Insurance Code.

Legislative Analyst: P. Affholter

FISCAL IMPACT

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

Fiscal Analyst: M. Tyszkiewicz

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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.