



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

BILL ANALYSIS



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

House Bills 5168, 5174, and 5175

Sponsor: Representative John T. Llewellyn (H.B. 5168)  
Representative Gregory E. Pitoniak (H.B. 5174)  
Representative Martha G. Scott (H.B. 5175)

House Committee: Insurance (H.B. 5168 and 5174)  
Judiciary and Civil Rights (H.B. 5175)

Senate Committee: Health Policy and Senior Citizens

Date Completed: 12-5-95

**SUMMARY OF HOUSE BILLS 5168, 5174, and 5175 as passed by the House:**

**House Bill 5174 would amend the Public Health Code, and House Bill 5168 would create the "Group Health Plan Act", to provide for the enrollment of a child in a parent's health care coverage under certain circumstances if the parent were ordered by a court to provide coverage. House Bill 5175 would amend the Friend of the Court Act to provide for the enforcement of court-ordered health care coverage for children. Following is a detailed description of the bills.**

**House Bills 5168 and 5174**

The bills would provide for the enrollment of a child in a parent's health care coverage under certain circumstances, if the parent were ordered by a court to provide coverage. (In this summary, group health plans, and health maintenance organizations, are included in references to an "insurer", and their subscribers are included in references to an "insured".)

**Required Health Coverage**

If a parent were required by a court or administrative order to provide health coverage for a child, the insurer were notified of the order, and the parent were eligible for dependent coverage, the insurer would have to do all of the following:

- Permit the parent to enroll, under the dependent coverage, a child who was otherwise eligible for coverage without regard to any enrollment season restrictions.
- If the parent were enrolled but failed to make application to obtain coverage for the child, enroll the child under dependent coverage upon application by the Friend of the Court, or by the child's other parent through the Friend of the Court.
- Not eliminate the child's coverage unless premiums had not been paid as required by the policy or certificate, or the insurer was provided with satisfactory written evidence that the court or administrative order was no longer in effect, or the child was or would be enrolled in comparable health coverage through another insurer or self-funded plan that would take effect no later than the effective date of the cancellation of the existing coverage.

If a child had health coverage through an insurer of a noncustodial parent, the insurer would be required to provide the custodial parent with information necessary for the child to obtain benefits through that coverage; permit the custodial parent or, with the custodial parent's approval, the provider to submit a claim for coverage services without the noncustodial parent's approval; and make payment on claims submitted for covered services directly to the custodial parent or medical provider.

### Medicaid Eligibility

An insurer could not consider whether an individual was eligible for or had available medical assistance under Title 19 of the Social Security Act (which governs Medicaid) in this or another state when considering eligibility for coverage or making payments under its health plan for eligible insureds.

If an insurer had a legal liability to make payments, and payment for coverage services for health care items or services furnished to an individual had been made under the State's medical assistance program, the Department of social Services (DSS) would acquire the rights of the individual to payment by the insurer to the extent that payment was made by the DSS for those health care items or services. An insurer could not impose on the DSS requirements that were different from requirements that applied to an agent or assignee of any other covered insured.

An insurer that delivered, issued for delivery, or renewed in Michigan an expense-incurred hospital, medical, or surgical policy or certificate that offered dependent coverage would not be permitted to deny enrollment to an insured's child on any of the following grounds:

- The child was born out of wedlock.
- The child was not claimed as a dependent on the insured's Federal income tax return.
- The child did not reside with the insured or in the insurer's service area.

### House Bill 5175

Under the bill, if a parent failed to obtain or maintain health care coverage for a child as ordered by the court, the Friend of the Court would be required to initiate enforcement at the following times: within 60 days after the entry of a support order; upon written complaint from a party; upon written complaint from the DSS if the child were a recipient of public assistance or medical assistance; and when a review was conducted as required under the Friend of the Court Act. (The Act prescribes the circumstances under which the Friend of the Court must review a child support order.)

Proposed MCL 333.21054v-333.21054x (H.B. 5174)  
MCL 552.509 & 552.511 (H.B. 5175)

Legislative Analyst: G. Towne

### FISCAL IMPACT

#### House Bills 5168 and 5174

The bills are responsive to Section 13623 of the Omnibus Budget Reconciliation Act of 1993 which mandates that states have in effect laws relating to medical child support consistent with the provision of that Act. As other State statutes already allow for medical support under child support orders, and as the DSS already engages in a wide variety of third-party recovery activities, it is

unlikely that the bills would produce a measurable amount of additional General Fund/General Purpose savings to the State Medicaid program. It should be noted, however, that since the bills would facilitate the overall medical support coverage and enforcement process, one would expect some level of savings to accrue. As an example, the average annual Medicaid fee-for-service cost for a child between the ages of 1 and 14 is \$720 in Wayne County. Each such child covered by private insurance will save the State about 44% of that amount, or \$317 GF/GP annually.

### **House Bill 5175**

This bill would provide for an automatic mechanism whereby all Friend of the Court offices would have to follow the same procedures regarding an order for dependent coverage. Whereas currently most enforcement by the Friend of the Court is complaint driven, this bill would require the Office to enforce an order on the parent or employer without waiting for a complaint. This in effect would result in more paperwork and use of resources by the Friend of the Court. As most of the proposed procedures are currently executed in some manner, the fiscal impact would be minimal.

Fiscal Analyst: J. Walker

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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.