



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5174 (as discharged)
Sponsor: Representative Gregory E. Pitoniak
House Committee: Insurance
Senate Committee: Health Policy and Senior Citizens

CONTENT

The bill would amend the Public Health Code to provide for the enrollment of a child in a parent's health care coverage if the parent were required by a court or administrative order to provide health coverage for a child, the insurer (including a group health plan and a health maintenance organization) were notified of the order, and the parent were eligible for dependent coverage. The insurer would have to permit the parent to enroll a child who was otherwise eligible for coverage without regard to any enrollment season restrictions. If the parent were enrolled but failed to apply for coverage for the child, the insurer would have to enroll the child upon application by the Friend of the Court. The insurer could not eliminate the child's coverage unless premiums had not been paid, or the insurer was given satisfactory written evidence that the court or administrative order was no longer in effect, or the child was or would be enrolled in comparable health coverage through another insurer or self-funded plan.

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

An insurer could not consider whether an individual was eligible for Medicaid when considering eligibility for coverage or making payments under its health plan for eligible insureds. An insurer that offered dependent coverage could not deny enrollment to an insured's child because the child was born out of wedlock, the child was not claimed as a dependent on the insured's Federal income tax return, or the child did not reside with the insured or in the insurer's service area.

Proposed MCL 333.21054v-333.21054x

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill is 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 Department of Social Services already engages in a wide variety of third-party recovery activities, it is unlikely that the bill 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 bill 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.

Date Completed: 12-8-95

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.