

HEALTH INSURANCE CO-PAYMENTS

House Bill 5100 (Substitute H-1)
Sponsor: Rep. Gerald Law

House Bill 5101 (Substitute H-1)
Sponsor: Rep. Joseph Palamara

Committee: Insurance
First Analysis (2-24-98)

THE APPARENT PROBLEM:

Some health insurance arrangements call for the insured person to pay a specified percentage of the cost of services or treatment provided, or else call for a deductible based on the cost of services or treatment. Sometimes there is a difference between the amount a health care provider usually charges for services and that actually paid by an insurance company. Discounts are negotiated with providers. Legislation has been introduced to ensure that if an insured is responsible for a set percentage of the cost of covered health care, the percentage is calculated based on the amount the provider has agreed to accept for the care and not some larger amount.

THE CONTENT OF THE BILLS:

The bills would provide that for health insurance purposes any copayment, coinsurance, or deductible provision that states what percentage of a claim the health insurer is to pay and what percentage the insured person is to pay must be calculated upon and applied toward actual total costs.

The term "actual total cost" would mean the amount that the provider of a covered service had agreed to accept as payment in full for the service rendered before a copayment, coinsurance, or deductible amount was applied.

House Bill 5100 would amend the Insurance Code (MCL 500.3417) to apply to expense-incurred hospital, medical, or surgical policies or certificates delivered, issued for delivery, or renewed on or after January 1, 1999, by commercial health insurance companies. House Bill 5101 would amend the Public Health Code to apply to health maintenance organization (HMO) contracts on or after January 1, 1999. The bills are tied-barred to one another and to Senate Bill 740, which would apply to Blue Cross and Blue Shield of Michigan.

FISCAL IMPLICATIONS:

There is no information at present.

For:

The bills would ensure that people covered under health insurance arrangements who must pay copayments or deductibles on a percentage basis would pay those copayments and deductibles based on the total payment the health care provider has agreed to accept from the insurer. In other words, the insured person would share in the savings from any discount negotiated by the health insurer.

POSITIONS:

There are no positions at present.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.