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BILL ANALYSIS

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Senate Bill 296 (Substitute S-3 as reported)
Senate Bill 297 (Substitute S-2 as reported)
Sponsor: Senator Jud Gilbert, II
Committee: Health Policy

CONTENT

Senate Bills 296 (S-3) and 297 (S-2) would amend the Insurance Code and the Nonprofit Health Care Corporation Reform Act, respectively, to require a policy or certificate to provide for direct reimbursement to any provider of covered medical transportation services, or provide for joint payments to the insured and the provider, if the provider had not received payment from any other source. Senate Bill 296 (S-3) would apply to an expense-incurred hospital, medical, or surgical policy or certificate providing benefits for emergency health services delivered, issued for delivery, or renewed in this State on or after April 1, 2004. Senate Bill 297 (S-2) would apply to a Blue Cross and Blue Shield of Michigan (BCBSM) certificate delivered, issued for delivery, or renewed in this State on or after April 1, 2004.

The proposed requirements would not apply to a transaction between an insurer or BCBSM and a medical transportation services provider, if the parties had entered into a contract providing for direct payment.

An insurer for an individual or group disability or family expense policy and BCBSM would not have to provide for direct reimbursement or joint payment to any nonaffiliated or nonparticipating provider for medical transportation services that were not emergency health services.

Senate Bill 297 (S-2) also would require the Commissioner of the Office of Financial and Insurance Services to report, by January 1, 2007, to the Governor, the Clerk of the House of Representatives, the Secretary of the Senate, and all members of the House and Senate standing committees on insurance and health issues, on the number of BCBSM-participating emergency medical transportation service providers. If the report stated that 40% or less or 90% or more of the providers in Michigan were participating providers, effective March 1, 2007, providers receiving direct reimbursement would have to accept payment from BCBSM as payment in full and could not seek additional payment from the patient except for any required deductible, copayment, or coinsurance amount.

Proposed MCL 500.3406I (S.B. 296)
Proposed MCL 550.1418a (S.B. 297)

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State and local government. Providers of ambulance services complain that they often end up writing off unpaid claims as bad debt, even though the individual who used the ambulance had insurance coverage for that service. The problem, they suggest, is that in many cases the insurer pays the insured for the claim and the ambulance provider is left with having to try to collect from the insured individual. The providers suggest that if they were paid directly by the insurer, or if the insurer paid the insured directly with the check made out to both the insured and the ambulance provider, it would be

easier to collect the copayment or uncovered portion of the claim from the individual insured, thereby reducing both the amount of bad debt and the subsequent need of the ambulance provider to raise prices to make up for that bad debt. Under these bills, if an insurer provided coverage for ambulance services, then the insurer would be required to pay an ambulance provider directly if one of its insured incurred a claim for that service. The bills do not appear to mandate that an insurer provide coverage for ambulance services, or set the amount of payment for these services. To the extent that these bills would reduce the need of ambulance providers to raise prices to make up for bad debt, the bills would likely generate system-wide savings.

In addition, Senate Bill 297 (S-2) would result in costs to the State associated with the issuance of the required report.

Date Completed: 11-12-03

Fiscal Analyst: Dana Patterson

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