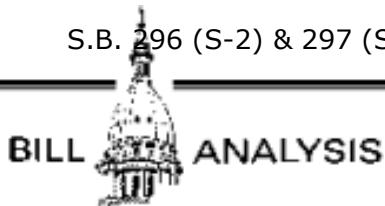




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Senate Bill 296 (Substitute S-2)
Senate Bill 297 (Substitute S-1)
Sponsor: Senator Jud Gilbert, II
Committee: Health Policy

Date Completed: 11-4-03

CONTENT

Senate Bills 296 (S-1) and 297 (S-1) 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-2) would apply to an expense-incurred hospital, medical, or surgical policy or certificate providing benefits for emergency health services, and to a health maintenance organization (HMO) contract, delivered, issued for delivery, or renewed in this State on or after April 1, 2004. Senate Bill 297 (S-1) 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 HMO and a medical transportation services provider, or between BCBSM and a medical transportation service provider, if the parties had entered into a contract providing for direct payment.

An HMO, 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. (Under the Code and the Act, "emergency health services" are medically necessary services provided to an insured or member for the sudden onset of a medical condition that manifests itself by signs and symptoms of sufficient severity, including severe pain, such that the absence of immediate medical attention could reasonably be expected to result in serious jeopardy to the individual's health or to a pregnancy in the case of a pregnant woman, serious impairment to bodily functions, or serious dysfunction of any bodily organ or part.)

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.

Fiscal Analyst: Dana Patterson

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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.