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BILL ANALYSIS

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Senate Bill 1150 (as introduced 4-20-04)
Sponsor: Senator Bill Hardiman
Committee: Health Policy

Date Completed: 5-18-04

CONTENT

The bill would amend the Insurance Code to delete a requirement that a health maintenance contract include basic health services, but specify that the contract would have to include "preventive health care services"; revise the definition of that term; and require an HMO to market and offer a set of health maintenance contracts that included basic health services.

The Code defines "health maintenance contract" as a contract between a health maintenance organization (HMO) and a subscriber or group of subscribers to provide, when medically indicated, designated health maintenance services, including, at a minimum, basic health services. The term "basic health services" includes physician services, including consultant and referral services; ambulatory services; inpatient hospital services; emergency health services; outpatient mental health services, at least 20 visits per year; intermediate and outpatient care for substance abuse; diagnostic laboratory and diagnostic and therapeutic radiological services; home health services; and preventive health services. The bill would delete preventive health services from the definition of "basic health services". The bill also would delete the requirement that that a health maintenance contract include basic health services, and instead require that it include preventive health care services as defined in Section 3515 of the Code, which the bill also would amend.

Under Section 3515, "preventive health care services" is defined as services designated to maintain an individual in optimum health and to prevent unnecessary injury, illness, or disability. The bill specifies that the term would not include services that were specifically excluded by terms of a health maintenance contract. The bill also would add to the definition age-specific, periodic health examinations and screenings as recommended by the United States Preventive Services Task Force or its successor; and all routine, age-specific immunizations as recommended by the Advisory Committee on Immunization Practices or its successor. (The bill specifies that this provision would not require the immunizations recommended or required as a result of employment or international travel or by other third parties.)

MCL 500.3515

Legislative Analyst: Julie Koval

FISCAL IMPACT

This bill would have no fiscal impact on the State's Medicaid program and an indeterminate fiscal impact on expenditures for State employees' health insurance coverage.

Medicaid Program

In order to receive Federal matching funds for the Medicaid program, states are required under Federal law to provide certain basic services to Medicaid beneficiaries. These services include inpatient and outpatient hospital services, physician services, emergency services, preventive services, laboratory and radiological services, and home health services, to name a few. While this bill would allow HMOs to offer contracts that contain a more restricted package of benefits than is required under current law, the bill would have no impact on the scope of services that must be provided to Medicaid beneficiaries who receive services through HMOs.

State Employees' Health Insurance Coverage

Because this bill would lower the "floor" for the scope of services that must be provided by HMO contracts, there is a potential that the State could experience a reduction in expenditures for health insurance coverage if a less costly, reduced-benefit HMO contract were provided to State employees. However, such a reduction in health benefits, and the concomitant reduction in expenditures, would be subject to the collective bargaining process.

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.