



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1242 (Substitute S-3 as reported)
Senate Bill 1243 (Substitute S-3 as reported)
Sponsor: Senator Jason E. Allen (Senate Bill 1242)
 Senator Tom George, M.D. (Senate Bill 1243)
Committee: Health Policy

CONTENT

Senate Bill 1242 (S-3) would add Chapter 37A (MI-Health) to the Insurance Code to create the MI-Health Recommendation Board within the Office of Financial and Insurance Regulation. The Board would be the official State agency for providing review and analysis of the Federal Patient Protection and Affordable Care Act.

The Board would have to protect the State's interests under that Act, as well as study changes proposed under it. The study would have to include a review and analysis of all of the following, in addition to other specific information:

- Opportunities available for the State to maintain control over health care in Michigan, legislation necessary to permit the State to opt out of the Patient Protection and Affordable Care Act, and legislation needed for Michigan to comply with that Act.
- Recommendations for the smooth establishment of health insurance exchanges.
- The ability of changes proposed under the Act to reduce the number of uninsured.
- Litigation outcomes concerning State mandates under the Act and recommendations for State action as a result of those outcomes.
- Costs of the Act on the State, businesses, and individuals.
- The affordability of health care and health insurance in Michigan as a result of the Act.

Within six months after the bill took effect and by March 23 each subsequent year, the Board would have to report its findings, along with any recommendations for legislative or other action, to the Governor and to the Senate and House of Representatives standing committees on health and insurance issues.

By June 1, 2013, the Board would have to report to the Governor and the standing committees on the impact the changes implemented and proposed under the Patient Protection and Affordable Care Act had or could have on Blue Cross Blue Shield of Michigan (BCBSM). By June 1, 2015, the Board would have to provide a follow-up report. Both reports would have to contain recommendations for legislative or other action, as well as recommendations on the continued role and status of BCBSM.

Senate Bill 1243 (S-3) would amend the Nonprofit Health Care Corporation Reform Act to make BCBSM subject to proposed Chapter 37A.

In addition, effective January 1, 2011, the rates charged for BCBSM certificates could include rate differentials based only on tobacco use, body mass index, and other healthy behaviors, and only if the differentials were supported by sound actuarial principles and a reasonable classification system and were related to actual and credible loss statistics or reasonably anticipated experience in the case of new certificates.

FISCAL IMPACT

Senate Bill 1242 (S-3) would increase the administrative responsibilities and costs of the Office of Financial and Insurance Regulation (OFIR) within the Department of Energy, Labor, and Economic Growth. The bill would create the Michigan Health Recommendation Board within OFIR to study the changes the Federal health reform legislation will have on the State. The Board would be required to report its recommendations for legislative or other actions needed within six months of its creation and annually thereafter. The Board also would also be charged with periodic reporting beginning in 2013 on the impact of Federal health care reform changes on a Michigan health care corporation. This would require increased staff time and additional expenses for the preparation and distribution of the required reports. There also would be costs for reimbursing the necessary expenses of Board members. The amount of these costs is unknown. The bill would not make any appropriation for staff or expenses for supporting the Board. Current administrative expenses of OFIR for insurance regulation are funded both by regulatory fees on the insurance industry set according to a statutory formula and by insurance agent fees.

Senate Bill 1243 (S-3) would have no fiscal impact on State or local government.

Date Completed: 6-25-10

Fiscal Analyst: Steve Angelotti
Elizabeth Pratt
Maria Tyszkiewicz

floor\sb1242

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.