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BILL ANALYSIS

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Senate Bills 441 and 442 (as introduced 6-14-11)
Sponsor: Senator Bruce Caswell
Committee: Appropriations

Date Completed: 6-14-11

CONTENT

Public Act 593 of 2006 was enacted to require most entities that pay health care claims to provide the Department of Community Health (DCH) with the information necessary to determine whether their clients are eligible for the State's Medicaid program. This legislation was designed to increase Medicaid third party liability collections. Because Medicaid is payer of last resort, an individual's primary insurance coverage must pay claims before the Medicaid program makes such payments. The legislation specifies that regular health insurers, various managed care organizations, self-funded plans, and the State's worker's compensation program, among others, are subject to the requirement to provide information. One insurance entity, automobile insurance companies, is not included in the 2006 legislation's reporting requirement.

Rather than including automobile insurers in the 2006 legislation, Senate Bills 441 and 442 reflect a different approach.

Senate Bill 441 would amend the Insurance Code to require automobile insurers; beginning October 1, 2011, to provide a certificate of insurance for each vehicle to the insured and to provide the Secretary of State with the insured individuals' names, addresses, vehicle identification numbers, and policy numbers. The Secretary of State would be required to forward this information to the DCH for the purposes outlined in Public Act 593 of 2006. Senate Bill 441 would exempt this information from the Freedom of Information Act and bar disclosure of the information to anyone other than the DCH.

Senate Bill 442 would amend the Michigan Vehicle Code to specify that insurance policy information could not be disclosed except to the DCH for the purposes of Public Act 593 of 2006. The bill also would define "policy information" as the information that would be provided by insurers to the Secretary of State pursuant to Senate Bill 441. Senate Bill 442 also would eliminate the Private Insurance Verification Board, which was created to provide vehicle information to the Secretary of State. Senate Bill 442 would take effect October 1, 2011.

The bills would provide a way for the DCH to collect the information necessary to pursue third party liability recoveries from automobile insurers. The bills are tie-barred.

MCL 500.3101a (S.B. 441)
257.227 (S.B. 442)

FISCAL IMPACT

The FY 2011-12 DCH budget assumes passage of legislation to allow the DCH to gather information necessary to increase third party liability collections from automobile insurers. The budget reflects savings to the Medicaid program from passage of such legislation of \$22.0 million Gross and \$7.5 million GF/GP. The savings projection appears to be reasonable.

Fiscal Analyst: Steve Angelotti

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