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BILL



ANALYSIS

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Senate Bill 612 (Substitute S-2 as reported by the Committee of the Whole)
Senate Bill 613 (Substitute S-2 as reported by the Committee of the Whole)
Senate Bill 614 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Mark C. Jansen
Committee: Health Policy

CONTENT

Senate Bills 612 (S-2) and 613 (S-2) would amend the Insurance Code and the Nonprofit Health Care Corporation Reform Act, respectively, to do the following:

- Prohibit a qualified health plan offered through an American health benefit exchange from providing coverage for elective abortion.
- Prohibit a policy, certificate, or contract offered outside the exchange from providing elective abortion coverage except by an optional rider.
- Establish requirements that an employer would have to meet in order to purchase an optional rider providing coverage for elective abortion.

Senate Bill 612 (S-2) would apply to a policy, certificate, or contract delivered, issued for delivery, or renewed in Michigan, as well as a health maintenance organization (HMO) group or individual contract, and Senate Bill 613 (S-2) would apply to a Blue Cross Blue Shield of Michigan (BCBSM) certificate issued or renewed in Michigan, on or after the bills' effective date.

The bills provide that they could not be construed to prohibit an individual, organization, or employer participating in a qualified health plan offered through an American health benefit exchange from purchasing optional supplemental coverage for elective abortion outside of the exchange.

An employer could purchase an optional rider to provide coverage for an elective abortion if both of the following conditions were met:

- The employer paid the entire premium amount for the rider and the cost of the rider was not factored into any premium amount for which individual employees contributed a portion of the premium paid either directly or through a payroll deduction.
- The employer notified each employee that elective abortion would be included as a rider to his or her health coverage and the coverage could be used by a minor or dependent female without notice to the employee.

("Elective abortion" would mean the intentional use of an instrument, drug, or other substance or device to terminate a woman's pregnancy for a purpose other than to increase the probability of a live birth, to preserve the life or health of the child after live birth, or to remove a dead fetus. The term would not include the prescription or use of a drug or device intended as a contraceptive. It also would not include the intentional use of an instrument, drug, or other substance or device by a physician to terminate a woman's pregnancy if the woman's physical condition, in the physician's reasonable medical judgment, necessitated termination of the pregnancy to avert her death.)

The bills would take effect on January 1, 2014.

Senate Bill 614 (S-2) would amend the Public Health Code to do the following:

- Prohibit a licensee or registrant, or a health facility or agency, from accepting reimbursement from a qualified health plan, policy, certificate, or contract for elective abortion services unless the reimbursement were from an optional rider.
- Prescribe a civil fine of up to \$10,000 for a violation.
- Require the Department of Licensing and Regulatory Affairs to investigate an alleged violation, and authorize the Attorney General to bring an enforcement action.

Senate Bill 614 (S-2) is tie-barred to Senate Bills 612 and 613.

Proposed MCL 500.3407c (S.B. 612)

Legislative Analyst: Julie Cassidy

Proposed MCL 550.1402d (S.B. 613)

Proposed MCL 333.16240 & 333.20195 (S.B. 614)

FISCAL IMPACT

Senate Bills 612 (S-2) and 613 (S-2) would affect insurance products offered through an American health benefit exchange. Pursuant to the Federal health reform legislation, the exchange would begin operation in 2014. Restrictions on insurance products offered by the exchange would not affect the State's Medicaid program; thus, there would be no fiscal impact on Medicaid or other health insurance programs offered by the State. Instead, the abortion restrictions would affect State and local governments as employers.

Because the legislation would carve out abortion coverage as an optional supplemental coverage, it is a reasonable assumption that the pricing of such supplemental policies would reflect the expenses incurred under that supplemental coverage. As such, there would be no net cost to employers in general or State and local government in particular.

Senate Bill 614 (S-2) would direct the Department of Licensing and Regulatory Affairs to investigate violations of Senate Bills 612 (S-2) and 613 (S-2). To the extent that such investigations occurred, the Department would incur indeterminate costs. Those found to be in violation would be subject to a fine of up to \$10,000 per violation, which would lead to an indeterminate increase in State revenue.

Date Completed: 12-5-12

Fiscal Analyst: Steve Angelotti

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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.