

HOUSE BILL No. 4139

January 26, 2011, Introduced by Rep. Melton and referred to the Committee on Government Operations.

A bill to amend 1984 PA 431, entitled "The management and budget act," (MCL 18.1101 to 18.1594) by adding section 280.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 280. (1) BY NOT LATER THAN 60 DAYS AFTER THE EFFECTIVE
2 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, THE DEPARTMENT
3 SHALL CONTRACT TO HAVE CONDUCTED A BENEFICIARY ELIGIBILITY AUDIT OF
4 THE HEALTH BENEFITS OF COVERED PUBLIC EMPLOYEES. THE AUDIT SHALL
5 MEET ALL OF THE FOLLOWING:

6 (A) PROVIDE AN AMNESTY PERIOD IN WHICH PUBLIC EMPLOYEES ARE
7 INFORMED OF COVERAGE ELIGIBILITY RULES AND PROVIDED A PERIOD OF
8 TIME TO VOLUNTARILY REMOVE ANY INELIGIBLE BENEFICIARIES FROM THE
9 HEALTH BENEFITS PLAN.

10 (B) PROVIDE A VERIFICATION PERIOD THAT GIVES PUBLIC EMPLOYEES

1 SUFFICIENT TIME TO LOCATE INFORMATION NECESSARY TO VERIFY
2 ELIGIBILITY.

3 (C) PROVIDE A PROCESS THAT PERMITS PUBLIC EMPLOYEES TO APPEAL
4 AN INELIGIBILITY OR NONRESPONDENT DECISION.

5 (D) BE COMPLETED BY NOT LATER THAN 180 DAYS AFTER THE
6 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.

7 (E) BE CONDUCTED BY A COMPANY THAT AGREES TO THE PAYMENT
8 PROVISIONS AS PROVIDED IN THIS SECTION.

9 (F) BE CONDUCTED IN COMPLIANCE WITH THE HEALTH INSURANCE
10 PORTABILITY AND ACCOUNTABILITY ACT OF 1996, PUBLIC LAW 104-191.

11 (2) THE STATE SHALL NOT PAY FOR THE BENEFICIARY ELIGIBILITY
12 AUDIT UNLESS A BREAK-EVEN POINT IS ACHIEVED. A BREAK-EVEN POINT
13 OCCURS WHEN THE TOTAL OF ALL INDIVIDUAL REALIZED SAVINGS IS EQUAL
14 TO THE AUDIT COMPANY'S ACTUAL COST OF CONDUCTING THE AUDIT.

15 (3) IF THE TOTAL OF ALL INDIVIDUAL REALIZED SAVINGS EXCEEDS
16 THE AUDIT COMPANY'S ACTUAL COST OF CONDUCTING THE AUDIT, THE AUDIT
17 COMPANY SHALL BE PAID THE ACTUAL COST UNDER SUBSECTION (2) AND A
18 PERCENTAGE OF THE NET REALIZED SAVINGS AS AGREED TO BY THE
19 DEPARTMENT AND THE AUDIT COMPANY.

20 (4) IF A PUBLIC EMPLOYER HAS INDIVIDUAL REALIZED SAVINGS, THE
21 STATE SHALL CHARGE TO THE PUBLIC EMPLOYER THE PUBLIC EMPLOYER'S PRO
22 RATA SHARE OF AMOUNTS PAID UNDER SUBSECTIONS (2) AND (3).

23 (5) A PUBLIC EMPLOYER DESCRIBED IN SUBSECTION (6) (G) (ii) WHO
24 HAS CONDUCTED OR HAS HAD CONDUCTED A BENEFICIARY ELIGIBILITY AUDIT
25 IN THE 36-MONTH PERIOD BEFORE THE EFFECTIVE DATE OF THE AMENDATORY
26 ACT THAT ADDED THIS SECTION IS NOT REQUIRED TO PARTICIPATE IN A
27 BENEFICIARY ELIGIBILITY AUDIT UNDER THIS SECTION.

1 (6) AS USED IN THIS SECTION:

2 (A) "ACTUAL COST" MEANS THE ACTUAL COST INCURRED BY THE AUDIT
3 COMPANY TO COMPLETE THE AUDIT UNDER THIS SECTION, AS INDEPENDENTLY
4 VERIFIED.

5 (B) "CARRIER" MEANS A PERSON THAT PROVIDES HEALTH BENEFITS,
6 COVERAGE, OR INSURANCE TO AN INDIVIDUAL UNDER A HEALTH BENEFIT PLAN
7 IN THIS STATE. FOR THE PURPOSES OF THIS SECTION, CARRIER INCLUDES A
8 HEALTH INSURANCE COMPANY OR HEALTH MAINTENANCE ORGANIZATION
9 AUTHORIZED TO DO BUSINESS IN THIS STATE, A HEALTH CARE CORPORATION
10 OPERATING PURSUANT TO THE NONPROFIT HEALTH CARE CORPORATION REFORM
11 ACT, 1980 PA 350, MCL 550.1101 TO 550.1704, OR ANY OTHER PERSON
12 PROVIDING A PLAN OF HEALTH BENEFITS, COVERAGE, OR INSURANCE SUBJECT
13 TO STATE INSURANCE REGULATION.

14 (C) "HEALTH BENEFITS" MEANS MEDICAL, SURGICAL, OR HOSPITAL
15 CARE BENEFITS.

16 (D) "INDIVIDUAL REALIZED SAVINGS" MEANS THE REALIZED SAVINGS
17 FOR EACH PUBLIC EMPLOYER PARTICIPATING IN THE AUDIT UNDER THIS
18 SECTION.

19 (E) "NET REALIZED SAVINGS" MEANS THE SUM OF ALL INDIVIDUAL
20 REALIZED SAVINGS LESS ACTUAL COST.

21 (F) "PUBLIC EMPLOYEE" MEANS AN EMPLOYEE, OFFICER, OR ELECTED
22 OFFICIAL OF A PUBLIC EMPLOYER, OR AN EMPLOYEE RETIRED FROM
23 EMPLOYMENT WITH A PUBLIC EMPLOYER, WHO IS RECEIVING HEALTH BENEFITS
24 COVERAGE FUNDED IN WHOLE OR IN PART BY A PUBLIC EMPLOYER.

25 (G) "PUBLIC EMPLOYER" MEANS THE FOLLOWING:

26 (i) THE STATE.

27 (ii) ANY OF THE FOLLOWING THAT IS NOT EXEMPT UNDER SUBSECTION

1 (5):

2 (A) A CITY, VILLAGE, TOWNSHIP, COUNTY, OR OTHER POLITICAL
3 SUBDIVISION OF THIS STATE.

4 (B) AN INTERGOVERNMENTAL, METROPOLITAN, OR LOCAL DEPARTMENT,
5 AGENCY, OR AUTHORITY OR OTHER LOCAL POLITICAL SUBDIVISION.

6 (C) A SCHOOL DISTRICT, A PUBLIC SCHOOL ACADEMY, OR AN
7 INTERMEDIATE SCHOOL DISTRICT, AS THOSE TERMS ARE DEFINED IN THE
8 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO 380.1852.

9 (D) A COMMUNITY COLLEGE OR JUNIOR COLLEGE DESCRIBED IN SECTION
10 7 OF ARTICLE VIII OF THE STATE CONSTITUTION OF 1963.

11 (E) A PUBLIC UNIVERSITY DESCRIBED IN SECTION 4, 5, OR 6 OF
12 ARTICLE VIII OF THE STATE CONSTITUTION OF 1963.

13 (F) A BOARD OR OTHER ADMINISTRATOR OF A PUBLIC EMPLOYEE OR
14 OFFICER RETIREMENT SYSTEM.

15 (H) "REALIZED SAVINGS" MEANS THE SAVINGS THAT OCCUR WHEN AN
16 INELIGIBLE BENEFICIARY HAS BEEN IDENTIFIED AND REMOVED FROM THE
17 HEALTH BENEFIT PLAN PROVIDED BY THE PUBLIC EMPLOYER. FOR A CARRIER-
18 ISSUED HEALTH BENEFIT PLAN PROVIDED BY THE PUBLIC EMPLOYER,
19 REALIZED SAVINGS OCCUR WHEN THE PREMIUM IS ADJUSTED BY THE CARRIER
20 TO REFLECT LOWER HEALTH BENEFIT PLAN ENROLLMENT. FOR A SELF-FUNDED
21 HEALTH BENEFIT PLAN PROVIDED BY THE PUBLIC EMPLOYER, REALIZED
22 SAVINGS OCCUR WHEN A BENEFICIARY IS REMOVED FROM THE PLAN.