



Senate Fiscal Agency
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BILL ANALYSIS



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House Bills 4660 through 4664 (as passed by the House)
House Bill 4665 (Substitute H-1 as passed by the House)
House Bills 4666, 4667, and 4668 (as passed by the House)
Sponsor: Representative Tom Leonard (H.B. 4660)
Representative Lana Theis (H.B. 4661)
Representative Henry Vaupel (H.B. 4662)
Representative Jim Runestad (H.B. 4663)
Representative Ray A. Franz (H.B. 4664)
Representative Robert Wittenberg (H.B. 4665)
Representative Derek E. Miller (H.B. 4666)
Representative Robert L. Kosowski (H.B. 4667)
Representative Andrea LaFontaine (H.B. 4668)

House Committee: Insurance
Senate Committee: Insurance

Date Completed: 3-23-16

CONTENT

House Bill 4660 would amend the Insurance Code to eliminate a requirement that the Director of the Department of Insurance and Financial Services (DIFS) report annually on the impact of copayment and coinsurance levels under health maintenance organization (HMO) contracts on the number of employers who contract for HMO services and the number of employees receiving the services.

House Bill 4661 would repeal a section of the Insurance Code that requires the DIFS Director to issue a biennial report on status of the medical malpractice insurance market and specific medical malpractice claims experience.

House Bill 4665 (H-1) would repeal sections of the Insurance Code requiring submission to the DIFS Director of information regarding municipal liability claims and professional liability claims against a health care licensee, for purposes of the report that House Bill 4661 would eliminate.

House Bill 4666 would amend the Public Health Code to delete a requirement that the Department of Licensing and Regulatory Affairs or a disciplinary subcommittee, in imposing sanctions against a licensed health professional, be given information provided under the sections of the Insurance Code that House Bill 4665 (H-1) would repeal.

House Bill 4662 would repeal a section of the Insurance Code that requires the DIFS Director to make an annual determination as to whether a reasonable degree of competition in the commercial liability insurance market exists on a statewide basis, and to issue a report if such competition does not exist.

House Bill 4663 would amend the Insurance Code to delete a requirement that the DIFS Director compile annual reports, submitted by insurers, on premiums for

short-term or one-time limited duration policies and certificates, and give the compilation to the Legislature.

House Bill 4664 would repeal sections of the Insurance Code that require the DIFS Director to do the following:

- Annually determine whether a reasonable degree of competition in the worker's compensation insurance market exists and issue a report if he or she determines that it does not exist.**
- Give the report to the Legislature for approval or disapproval by concurrent resolution.**
- Create competition or availability, if the Legislature resolves that a reasonable degree of competition does not exist.**

House Bill 4667 would repeal a section of the Insurance Code that requires the DIFS Director to issue an annual report on the state of availability in the liquor liability insurance market, including a certification of whether the insurance is reasonably available in Michigan and whether it is available at a reasonable premium.

House Bill 4668 would amend the Michigan Liquor Control Code to delete a provision allowing the Liquor Control Commission to waive a liquor liability insurance requirement applicable to a retail licensee or applicant, if the DIFS Director certifies that the insurance is not reasonably available or not available at a reasonable premium.

Each bill would take effect 90 days after enactment. House Bills 4661, 4665 (H-1), and 4666 are tie-barred to each other. House Bills 4667 and 4668 are tie-barred to each other.

House Bill 4660

Under the Insurance Code, an HMO may have health maintenance contracts that include copayments and coinsurance for the cost of covered services. Coinsurance for basic health services (as defined in the Code), excluding deductibles, may not exceed 50% of an HMO's reimbursement to an affiliated provider for providing the service to an enrollee and may not be based on the provider's standard charge for the service.

Previously, the limits applied only to copayments, and copayment also had to be "nominal". Public Act 306 of 2005 deleted the nominal requirement, and applied the other restrictions to coinsurance as well as copayments.

The Director of the Department of Insurance and Financial Services annually must determine whether the greater copayment and coinsurance levels have increased the number of employers who have contracted for, and the number of enrollees receiving, HMO services. The Director must issue a report delineating specific examples of copayment and coinsurance levels in force and suggestions to increase the number of people enrolled in HMOs. If the results of the report are disputed or if the Director determines that the circumstances it was based on have changed, he or she must issue a supplemental report supported by substantial evidence. The Director must consider specific information in making the determination and issuing the report, and the reports and certifications must be forwarded to the Governor, the Clerk of the House of Representatives, the Secretary of the Senate, and all members of the Senate and House of Representatives standing committees on insurance and health issues. The bill would delete the requirements pertaining to the annual determination and the report.

House Bill 4661

The bill would repeal Section 2477d of the Insurance Code, which requires the DIFS Director to publish a biennial report that describes the condition of the medical malpractice insurance market in Michigan and contains information regarding specific claims experiences filed with the Director pursuant to Sections 2477 through 2477c (which House Bill 4665 (H-1) would repeal).

House Bill 4665 (H-1)

Section 2477 of the Insurance Code requires every insurer providing liability insurance to a licensed physician, dentist, optometrist, chiropractor, and hospital to submit to the DIFS Director data regarding injury complaints filed against the insured party, as well as judgments, settlements, or dismissals pertaining to the complaints. Section 2477a requires the submission of similar data and information from each insurer providing municipal liability insurance. Section 2477b requires the submission of these data from every person, other than an insurer, who pays or who has assumed liability to pay a municipal liability claim or a professional liability claim against a licensed health care provider listed above. Section 2477c contains a similar data submission requirement applicable to an attorney who represents a plaintiff or defendant with regard to a municipal or health care professional liability claim. The bill would repeal all of these sections.

House Bill 4666

Under the Public Health Code, the Department of Licensing and Regulatory Affairs or a disciplinary subcommittee appointed to impose sanctions against an individual licensed or registered under the Code may request and must receive information provided under Sections 2477, 2477a, 2477b, and 2477c of the Insurance Code. House Bill 4666 would delete this provision.

House Bill 4662

The bill would repeal Section 2409c of the Insurance Code, which requires the DIFS Director to make an annual determination as to whether a reasonable degree of competition in the commercial liability insurance market exists on a statewide basis. If the Director determines that a reasonable degree of competition does not exist, he or she must hold a public hearing and issue a report delineating the specific classifications and kinds or types of insurance for which a reasonable degree of competition does not exist. A person who disagrees with the report and the Director's findings may request a contested hearing within 60 days after the report is issued. If the results of the report are disputed or the Director determines that the circumstances it was based on have changed, he or she must issue a supplemental report that includes a certification of whether a reasonable degree of competition exists in the commercial liability insurance market.

House Bill 4663

Under the Insurance Code, an insurer that delivers, issues for delivery, or renews in Michigan a short-term or one-time limited duration policy or certificate of no longer than six months must give the DIFS Director a written annual report that discloses both of the following:

- The gross written premium for short-term or one-time limited duration policies or certificates issued in Michigan during the preceding calendar year.
- The gross written premium for all individual expense-incurred hospital, medical, or surgical policies or certificates issued or delivered in Michigan during the preceding calendar year other than short-term or one-time limited duration policies or certificates.

(A short-term or one-time limited duration policy or certificate of no longer than six months is an individual health policy that meets criteria specified in the Code.)

The DIFS Director must compile the reports every year and give the annual compilation to the Senate and House of Representatives standing committees on insurance issues. The bill would delete this requirement.

House Bill 4664

The bill would repeal Sections 2409 and 2409a of the Insurance Code. Section 2409 requires the DIFS Director to make an annual determination as to whether a reasonable degree of competition in the worker's compensation insurance market exists on a statewide basis. If he or she determines that it does not, he or she must hold a public hearing and issue a report delineating specific classifications and kinds or types of insurance for which competition does not exist. A person who disagrees with the report and the Director's findings may request a contested case hearing within 60 days after the report is issued. If the results of the report are disputed or the Director determines that the circumstances it was based on have changed, he or she must issue a supplemental report that includes a certification of whether a reasonable degree of competition exists. The reports and certifications must be forwarded to the Governor, the Clerk of the House, the Secretary of the Senate, all of the members of the House of Representatives standing committees on insurance and labor issues, and all of the members of the Senate standing committees on commerce and labor issues. Within 90 days after receiving the final report and certification, the Legislature, by concurrent resolution, must approve or disapprove the certification by a majority roll-call vote in each house. If the certification is approved, the Director must proceed under Section 2409a.

Under Section 2409a, if the Director certifies and the Legislature resolves that a reasonable degree of competition does not exist with respect to the worker's compensation insurance market on a statewide basis or in any geographic areas, classifications, kinds or types of risk, or that insurance is unavailable to a segment of the market entitled to obtain insurance through ordinary means, the Director must create competition or availability where it does not exist. An adopted plan for competition or availability must be included in the annual or supplemental report.

House Bill 4667

The bill would repeal Section 2409b of the Insurance Code. That section requires the DIFS Director to issue an annual report detailing the state of availability in the liquor liability insurance market and delineating specific classifications of insurance where reasonable availability does not exist. The report must include a certification of whether liquor liability insurance is reasonably available in Michigan, including whether it is available at a reasonable premium.

House Bill 4668

Under the Liquor Control Code, before the renewal or approval and granting of a retail license, a retail licensee or applicant must file with the Liquor Control Commission proof of financial responsibility providing security for liability under Section 801(3) of the Code of at least \$50,000. (That section pertains to an action against a person who sells, gives, or furnishes alcohol to a minor or a visibly intoxicated person, if the unlawful sale is proven to be a proximate cause of damage, injury, or death suffered by an individual.)

If the DIFS Director certifies (under the section House Bill 4667 proposes to repeal) that liquor liability insurance is not reasonably available in Michigan or not available at a reasonable premium, the Commission may waive the financial responsibility requirement with regard to any affected retail licensees and applicants until the Director certifies that the insurance is

reasonably available or available at a reasonable premium. House Bill 4668 would delete this provision.

MCL 500.3515 (H.B. 4660)
500.2477d (H.B. 4661)
500.2409c (H.B. 4662)
500.2213b (H.B. 4663)
500.2409 & 500.2409a (H.B. 4664)
500.2477a-500.2477c (H.B. 4665)
333.16243 (H.B. 4666)
500.2409b (H.B. 4667)
436.1803 (H.B. 4668)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would result in reduced costs associated with reporting requirements for the Department of Insurance and Financial Services. The bills also would result in financial savings associated with hiring outside firms to fulfill reporting requirements.

The bills would have no fiscal impact on local government.

Fiscal Analyst: Glenn Steffens

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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.