



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



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

Senate Bill 1106 (Substitute S-1 as passed by the Senate)

Sponsor: Senator Jeff Irwin

Committee: Finance, Insurance, and Consumer Protection

Date Completed: 12-26-24

CONTENT

The bill would amend the Insurance Code to require a health plan or nonprofit dental care organization that provided dental benefits to have at least one method of payment or reimbursement that provided the dentist or dental therapist with 100% of the amount payable and did not include a fee for the payment or reimbursement.

"Health plan" would mean all the following:

- An insurer providing benefits under a health insurance policy, including a policy, certificate, or contract that provides coverage for specific diseases or accidents only, an expense-incurred vision or dental policy, or a hospital indemnity, Medicare supplement, long-term care, or one-time limited duration policy or certificate, but not to payments made to an administrative service only or cost-plus arrangement.
- A multiple employer welfare arrangement regulated under Chapter 70 (Multiple Employer Welfare Arrangements) that provides hospital, medical, surgical, vision, dental, and sick care benefits.¹

The bill would require a health plan or nonprofit dental care organization operating under Public Act 125 of 1963 that provided dental benefits to provide at least one payment method that provided the dentist with 100% of the amount payable and did not require the dentist to incur a fee to access payment or reimbursement.

(Public Act 125 of 1963 provides for the incorporation, supervision, and regulation of nonprofit dental care organizations.)

The bill would not apply to a fee imposed by the dentist's financial institution.

If a dentist opted out of a method of payment described above, the decision would remain in effect until the dentist or dental therapist opted back into the prior payment method or a new contract was executed.

Proposed MCL 500.3406kk

BRIEF RATIONALE

According to testimony, when seeking payment from insurance carriers, some dentists are getting paid with a financial instrument that would cause them to incur costs in order to access the funds used as their payment, such as a prepaid credit card with a processing fee. Some believe that insurance carriers should pay dentists in a way that doesn't incur an extra cost, and so the bill has been suggested.

¹ MCL 500.2006

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is similar to House Bill 5938 from the current Legislative Session. House Bill 5938 passed the House and is currently in the Senate.

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government and no impact on local government. The bill could result in increased administrative costs to the Department of Insurance and Financial Services (DIFS) if the bill resulted in more violations of the Code and more administrative hearings to investigate those violations; however, revenue could be collected by DIFS for civil fines that resulted from the increase in violations. The Director of DIFS can levy a \$1,000 civil fine for each violation of the Code, or a \$5,000 fine if the violator knew or reasonably should have known that the violator was violating the Code. Revenue from these civil fines must be deposited into the General Fund.

Analyst: Nathan Leaman

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