



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



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

Senate Bill 738 (Substitute S-1 as passed by the Senate)
Sponsor: Senator Bruce Caswell
Committee: Insurance

(enacted version)

Date Completed: 11-4-14

RATIONALE

The Insurance Code requires automobile insurers to provide certain policy information to the Secretary of State. The Code requires the Secretary of State then to submit the information to the Department of Community Health in order to assist in Medicaid third party liability collections. The requirement to submit insurance information to the Department is scheduled to expire on December 31, 2014. Some have suggested that the continued submission of information would allow the Department to pursue these recoveries from automobile insurers.

CONTENT

The bill would amend the Insurance Code to delay the sunset date on a requirement that auto insurers provide policy information to the Department of Community Health (DCH).

The Code requires an insurer, in conjunction with the issuance of an automobile insurance policy, to provide to the insured one certificate of insurance for each insured vehicle. For private passenger nonfleet automobiles listed on the policy, the insurer must provide to the Secretary of State (SOS) the automobile insurer's name, the named insured, the named insured's address, the vehicle identification number for each vehicle listed on the policy, and the policy number.

Until December 31, 2014, the SOS must provide the policy information specified above to the DCH as required for it to comply with Public Act 593 of 2006. The bill would change the date to December 31, 2018.

The Code also required the DCH to report to the Senate and House of Representatives Appropriations Committees and standing committees concerning insurance issues on the number of claims and total dollar amounts recovered from automobile insurers under Public Act 593 of 2006 by December 30, 2012, and December 30, 2013. The bill would require a report by December 30 of each year through 2018.

(Public Act 593 of 2006 requires certain entities, such as health insurers, to give the DCH information necessary for it to determine whether a health coverage recipient also is a recipient of medical assistance. If the DCH determines that a person is both, and if he or she is covered by a "qualified health plan" under the Social Welfare Act, the Department must share information it received about the recipient with the qualified health plan. The entity must pay the DCH for, or assign to the DCH any right of recovery owed to the entity for, a covered health claim for which medical assistance payment has been made.)

MCL 500.1301a

BACKGROUND

Federal law requires states to ensure that Medicaid beneficiaries use all other available resources to pay for all or part of their medical expenses before using Medicaid.¹ State Medicaid programs pay only after a third-party, typically an insurer, has met its obligation to pay. Public Act 593 of 2006 was enacted to require entities that pay health care claims, such as health insurers, managed care organizations, self-funded plans, and the State's worker's compensation program, to provide the DCH with sufficient information to determine whether its clients are eligible for benefits through Michigan's Medicaid program. Automobile insurance companies, however, were not included in the 2006 Act's requirements. Public Act 91 of 2011 therefore amended the Insurance Code to require automobile insurers to provide to insureds a certificate of insurance for each insured vehicle, and to provide the SOS with insured individuals' names, addresses, vehicle registration numbers, and policy numbers, which the SOS must forward to DCH, as described above. In addition, Public Act 92 of 2011 amended the Michigan Vehicle Code to provide for the confidentiality of vehicle policy information submitted by auto insurers to the SOS, and to specify that the information may not be disclosed to any person except the DCH for purposes of Public Act 593 of 2006.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would allow the DCH to continue to collect information necessary to pursue third party Medicaid liability recoveries from automobile insurers.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Steve Angelotti

¹ 42 U.S.C. § 1396k.

A1314s738a

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.