



HOUSE BILL No. 4600

March 14, 1995, Introduced by Reps. Wallace, DeHart, Dobronski, Parks, Yokich, Scott, DeMars and Pitoniak and referred to the Committee on Insurance.

A bill to create a state medical malpractice insurance premium fund for certain health care providers; to appropriate certain funds for certain purposes; to provide for the administration of the fund; to prescribe powers and duties of certain state agencies and departments; and to provide for the promulgation of rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Association" means a health facility or agency, a pro-
3 fessional corporation that provides medical services, or an
4 organization, partnership, cooperative, or other legal entity
5 that provides medical services.

6 (b) "Director" means the director of public health.

7 (c) "Fund" means the state medical malpractice insurance
8 premium fund created under section 2.

1 (d) "Health facility or agency" means that term as defined
2 in section 20106 of the public health code, Act No. 368 of the
3 Public Acts of 1978, being section 333.20106 of the Michigan
4 Compiled Laws.

5 (e) "Medical services" means health care provided by a
6 physician.

7 (f) "Minimal compensation" means an amount that is less than
8 or equal to the rate of reimbursement provided under the federal
9 medicaid program established under title XIX of the social secur-
10 ity act, chapter 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396g and
11 1396i to 1396v, and administered by the state department of
12 social services under the social welfare act, Act No. 280 of the
13 Public Acts of 1939, being sections 400.1 to 400.119b of the
14 Michigan Compiled Laws.

15 (g) "Physician" means an individual licensed to practice
16 medicine or osteopathic medicine and surgery under article 15 of
17 the public health code, Act No. 368 of the Public Acts of 1978,
18 being sections 333.16101 to 333.18838 of the Michigan Compiled
19 Laws.

20 Sec. 2. (1) The state medical malpractice insurance premium
21 fund is created within the department of treasury. The director
22 shall determine expenditures to be made from the fund pursuant to
23 section 4.

24 (2) The state treasurer may receive money or other assets
25 from any source for deposit into the fund. The state treasurer
26 shall direct the investment of the fund. The state treasurer

1 shall credit to the fund interest and earnings from fund
2 investments.

3 (3) Money in the fund at the close of the fiscal year shall
4 remain in the fund and shall not lapse to the general fund.

5 Sec. 3. The legislature shall appropriate from the general
6 fund of the state a sufficient sum to meet the expenditures nec-
7 essary to implement this act.

8 Sec. 4. The director shall spend money from the fund solely
9 to reimburse a physician or association for the percentage of the
10 physician's or association's malpractice insurance premium that
11 meets both of the following requirements:

12 (a) Is paid by that physician or association.

13 (b) Is equal to the percentage of all medical services
14 rendered by that physician or association for which minimal com-
15 pensation was received by the physician or association.

16 Sec. 5. In accordance with procedures developed under sec-
17 tion 6, the director shall annually report to each house of the
18 legislature the amount reimbursed under this act to physicians
19 and associations each calendar year.

20 Sec. 6. (1) Within 90 days after the effective date of this
21 act, the director shall submit for public hearing rules to imple-
22 ment this act pursuant to the administrative procedures act of
23 1969, Act No. 306 of the Public Acts of 1969, being sections
24 24.201 to 24.328 of the Michigan Compiled Laws. At a minimum,
25 the rules shall establish each of the following:

26 (a) A formula for determining the percentage described in
27 section 4(b).

1 (b) An application form that a physician or an association
2 may complete to apply for reimbursement from the fund.

3 (2) The director shall develop both of the following:

4 (a) An educational brochure for distribution to physicians
5 and associations that identifies the reimbursement provisions of
6 this act.

7 (b) A procedure for annually reporting to each house of the
8 legislature the amount reimbursed under this act to physicians
9 and associations each calendar year.