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Senate Bills 4 and 5 (as introduced 1-8-03)  
Sponsor: Senator Bev Hammerstrom  
Committee: Health Policy

Date Completed: 5-28-03

### **CONTENT**

**Senate Bills 4 and 5 would amend the Insurance Code and the Nonprofit Health Care Corporation Reform Act, respectively, to require that benefits for mental health services issued by health insurance providers, health maintenance organizations (HMOs), and Blue Cross and Blue Shield of Michigan (BCBSM) not be more restrictive than benefits for medical services.**

Specifically, for policies, certificates, or contracts issued or renewed on or after January 1, 2004, the insurer, HMO, or BCBSM would have to provide cost-sharing requirements and benefit or service limitations for inpatient and outpatient mental health and substance abuse services that did not place a greater financial burden on the insured, enrollee, or member and were not more restrictive than those requirements and limitations for inpatient and outpatient medical services.

Proposed MCL 500.3406I (S.B. 4)  
Proposed 550.1416d (S.B. 5)

Legislative Analyst: Claire Layman

### **FISCAL IMPACT**

Senate Bills 4 and 5 would require that health insurers create parity for cost limits and utilization restrictions between physical and mental health coverages. Estimates of the increased health insurance cost of such parity measures based on studies range from a nominal change up to 3.4%. Thus, for State and local governments, one could expect a resultant change in health insurance costs from 0% to 3.4%. On the State level, this would equate to an amount between \$0 and \$6.4 million GF/GP. The State's Medicaid program would not be affected as the program is not an insurer as defined in statute. It does appear that the mental health coverage provided to Medicaid clients would meet the standards of the legislation.

Fiscal Analyst: Steve Angelotti

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