

# HOUSE BILL No. 5387

November 1, 2005, Introduced by Reps. Dillon, Alma Smith, Gleason, Tobocman, Zelenko, Vagnozzi, Adamini, Gaffney, Condino, Leland, Bieda, Meisner, Gillard, Ball, Clemente and Kolb and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding section 255.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 255. (1) THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE IS  
2        CREATED WITHIN THE OFFICE OF FINANCIAL AND INSURANCE SERVICES.

3        (2) THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL CONSIST  
4        OF THE COMMISSIONER OF THE OFFICE OF FINANCIAL AND INSURANCE  
5        SERVICES, 1 MEMBER OF THE SENATE APPOINTED BY THE SENATE MAJORITY  
6        LEADER, 1 MEMBER OF THE SENATE APPOINTED BY THE SENATE MINORITY  
7        LEADER, 1 MEMBER OF THE HOUSE OF REPRESENTATIVES APPOINTED BY THE  
8        SPEAKER OF THE HOUSE OF REPRESENTATIVES, 1 MEMBER OF THE HOUSE OF  
9        REPRESENTATIVES APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF  
10       REPRESENTATIVES, AND THE FOLLOWING 9 MEMBERS, APPOINTED BY THE

1 GOVERNOR:

2 (A) ONE MEMBER REPRESENTING THE GENERAL PUBLIC.

3 (B) ONE MEMBER REPRESENTING EMPLOYERS WITH MORE THAN 50  
4 EMPLOYEES.

5 (C) ONE MEMBER REPRESENTING EMPLOYERS WITH 50 OR FEWER  
6 EMPLOYEES.

7 (D) ONE MEMBER REPRESENTING A NONPROFIT HEALTH CARE  
8 CORPORATION OPERATING PURSUANT TO THE NONPROFIT HEALTH CARE  
9 CORPORATION REFORM ACT, 1980 PA 350, MCL 550.1101 TO 550.1704.

10 (E) ONE MEMBER REPRESENTING HEALTH MAINTENANCE ORGANIZATIONS  
11 REGULATED UNDER CHAPTER 35.

12 (F) ONE MEMBER REPRESENTING INSURERS PROVIDING EXPENSE-  
13 INCURRED HOSPITAL, SURGICAL, AND MEDICAL POLICIES AND CERTIFICATES  
14 REGULATED UNDER CHAPTERS 34 AND 36.

15 (G) ONE MEMBER REPRESENTING LABOR.

16 (H) ONE MEMBER REPRESENTING PUBLIC EMPLOYEES OF THIS STATE.

17 (I) ONE MEMBER REPRESENTING HEALTH CARE PROVIDERS IN THIS  
18 STATE.

19 (3) THE MEMBERS APPOINTED TO THE CATASTROPHIC MEDICAL COVERAGE  
20 TASK FORCE SHALL BE APPOINTED WITHIN 14 DAYS AFTER THE EFFECTIVE  
21 DATE OF THIS SECTION.

22 (4) IF A VACANCY OCCURS ON THE CATASTROPHIC MEDICAL COVERAGE  
23 TASK FORCE, AN APPOINTMENT FOR THE UNEXPIRED TERM SHALL BE MADE IN  
24 THE SAME MANNER AS THE ORIGINAL APPOINTMENT.

25 (5) THE GOVERNOR MAY REMOVE A MEMBER OF THE CATASTROPHIC  
26 MEDICAL COVERAGE TASK FORCE FOR INCOMPETENCY, DERELICTION OF DUTY,  
27 MALFEASANCE, MISFEASANCE, OR NONFEASANCE IN OFFICE, OR ANY OTHER

1 GOOD CAUSE.

2 (6) THE FIRST MEETING OF THE CATASTROPHIC MEDICAL COVERAGE  
3 TASK FORCE SHALL BE CALLED NOT LATER THAN 24 DAYS AFTER THE  
4 EFFECTIVE DATE OF THIS SECTION. AT THE FIRST MEETING, THE MEMBERS  
5 OF THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL ELECT FROM  
6 AMONG ITS MEMBERS A CHAIRPERSON AND OTHER OFFICERS AS THEY CONSIDER  
7 NECESSARY OR APPROPRIATE. AFTER THE FIRST MEETING, THE CATASTROPHIC  
8 MEDICAL COVERAGE TASK FORCE SHALL MEET AT LEAST MONTHLY, OR MORE  
9 FREQUENTLY AT THE CALL OF THE CHAIRPERSON OR IF REQUESTED BY 7 OR  
10 MORE MEMBERS.

11 (7) A MAJORITY OF THE MEMBERS OF THE CATASTROPHIC MEDICAL  
12 COVERAGE TASK FORCE CONSTITUTE A QUORUM FOR THE TRANSACTION OF  
13 BUSINESS AT A MEETING OF THE CATASTROPHIC MEDICAL COVERAGE TASK  
14 FORCE. A MAJORITY OF THE MEMBERS PRESENT AND SERVING ARE REQUIRED  
15 FOR OFFICIAL ACTION OF THE CATASTROPHIC MEDICAL COVERAGE TASK  
16 FORCE.

17 (8) THE BUSINESS THAT THE CATASTROPHIC MEDICAL COVERAGE TASK  
18 FORCE MAY PERFORM SHALL BE CONDUCTED AT A PUBLIC MEETING OF THE  
19 CATASTROPHIC MEDICAL COVERAGE TASK FORCE HELD IN COMPLIANCE WITH  
20 THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275.

21 (9) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF, OR  
22 RETAINED BY THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE IN THE  
23 PERFORMANCE OF AN OFFICIAL FUNCTION IS SUBJECT TO THE FREEDOM OF  
24 INFORMATION ACT, 1976 PA 442, MCL 15.231 TO 15.246.

25 (10) MEMBERS OF THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE  
26 SHALL SERVE WITHOUT COMPENSATION. HOWEVER, MEMBERS OF THE  
27 CATASTROPHIC MEDICAL COVERAGE TASK FORCE MAY BE REIMBURSED FOR

1 THEIR ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF  
2 THEIR OFFICIAL DUTIES AS MEMBERS OF THE CATASTROPHIC MEDICAL  
3 COVERAGE TASK FORCE.

4 (11) THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL  
5 CONDUCT A STUDY TO DETERMINE WHETHER A STATEWIDE CATASTROPHIC  
6 HEALTH CARE COVERAGE POOL IS AN APPROPRIATE MECHANISM FOR PROVIDING  
7 HEALTH COVERAGE FOR CATASTROPHIC HEALTH CLAIMS TO ALL RESIDENTS OF  
8 THIS STATE. IN CONDUCTING THE STUDY, THE OFFICE OF FINANCIAL AND  
9 INSURANCE SERVICES SHALL PROVIDE TO THE CATASTROPHIC MEDICAL  
10 COVERAGE TASK FORCE WHATEVER TECHNICAL ASSISTANCE IS NECESSARY,  
11 INCLUDING, BUT NOT LIMITED TO, ACTUARIAL SERVICES.

12 (12) IN CONDUCTING THE STUDY UNDER SUBSECTION (11), THE  
13 CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL EXAMINE ALL OF THE  
14 FOLLOWING:

15 (A) DIFFERENT LEVELS OF LOSS, INCLUDING, BUT NOT LIMITED TO,  
16 LOSS LEVELS OF \$50,000.00, \$75,000.00, AND \$100,000.00, THAT NEED  
17 TO OCCUR BEFORE COVERAGE UNDER THE CATASTROPHIC HEALTH CARE  
18 COVERAGE POOL OCCURS, AND THE LEVEL OF PREMIUMS NEEDED AT THE  
19 DIFFERENT LEVELS OF LOSS.

20 (B) HOW COVERAGE UNDER THE CATASTROPHIC HEALTH CARE COVERAGE  
21 POOL IS TO BE FUNDED. IN MAKING THIS DETERMINATION, THE  
22 CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL EXAMINE A BROAD MIX  
23 OF FUNDING SOURCES IN ORDER TO MAKE THE FUNDING BURDEN LESS  
24 DETRIMENTAL, INCLUDING, BUT NOT LIMITED TO, PREMIUM PERCENTAGES TO  
25 BE PAID BY INDIVIDUALS AND BY EMPLOYERS THROUGH TAXES OR PAYROLL  
26 DEDUCTIONS; GENERAL FUND OR OTHER STATE APPROPRIATION; CARRIER  
27 ASSESSMENTS; HOSPITAL-BASED ASSESSMENT; AND WHETHER ANY FEDERAL OR

1 OTHER REVENUE IS AVAILABLE.

2 (C) BENEFIT STRUCTURES, INCLUDING, BUT NOT LIMITED TO, ANNUAL  
3 DEDUCTIBLES AND COPAYMENTS AND LIFETIME BENEFIT MAXIMUMS.

4 (D) ELIGIBILITY CRITERIA AND ENROLLMENT ESTIMATES.

5 (E) SUPERVISION OF THE CATASTROPHIC HEALTH CARE COVERAGE POOL  
6 BY A BOARD OF DIRECTORS WITH MEMBERS AS NECESSARY TO HAVE BALANCED  
7 REPRESENTATION OF CONSUMERS, EMPLOYERS, REGULATORS, INSURERS, AND  
8 MEDICAL PERSONNEL, THE TERM OF OFFICE OF BOARD MEMBERS, AND THE  
9 METHOD OF SELECTION OF BOARD MEMBERS.

10 (F) ADMINISTRATION OF THE CATASTROPHIC HEALTH CARE COVERAGE  
11 POOL, INCLUDING, BUT NOT LIMITED TO, DETERMINATIONS OF ELIGIBILITY;  
12 PAYMENT OF CLAIMS; PREMIUM BILLING; CASE MANAGEMENT; AND SALARIES,  
13 EXPENSES, AND FEES.

14 (G) METHODS FOR CONTROLLING COSTS, INCLUDING, BUT NOT LIMITED  
15 TO, HEALTH PROMOTION AND CHRONIC CARE MANAGEMENT.

16 (H) IMPACT OF COVERAGE UNDER THE CATASTROPHIC HEALTH CARE  
17 COVERAGE POOL ON HEALTH INSURANCE AND COVERAGE RATES, ON MEDICAID  
18 RATES, ON THE STATE'S UNINSURED POPULATION, AND ON THE HEALTH CARE  
19 SYSTEM WITH THE REDUCTION IN UNCOMPENSATED CARE.

20 (13) IN CONDUCTING THE STUDY UNDER SUBSECTION (11), THE  
21 CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL ALSO EXAMINE THE USE  
22 OF REGIONAL PURCHASING POOLS AND METHODS FOR GATHERING AND  
23 PROVIDING COMPARATIVE HEALTH CARE PROVIDER PERFORMANCE INFORMATION.

24 (14) THE CATASTROPHIC MEDICAL COVERAGE TASK FORCE SHALL REPORT  
25 TO THE SENATE AND HOUSE OF REPRESENTATIVES STANDING COMMITTEES ON  
26 HEALTH AND INSURANCE ISSUES ON THE STUDY CONDUCTED PURSUANT TO THIS  
27 SECTION AND SHALL MAKE FINDINGS AND RECOMMENDATIONS BASED ON THAT

1 STUDY BY NOT LATER THAN 1 YEAR AFTER THE EFFECTIVE DATE OF THIS  
2 SECTION.