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BILL ANALYSIS

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Senate Bill 278 (Substitute S-2 as reported)
Sponsor: Senator Tom George
Committee: Health Policy

CONTENT

The bill would create the "Michigan Helping Ensure Affordable and Reliable Treatment (MI-HEART) Act" to do the following:

- Create the MI-HEART Exchange to facilitate the availability, choice, and adoption of private eligible health coverage plans, as well as the purchase of health coverage products at an affordable price.
- Prescribe the membership, powers, and duties of a board that would govern the Exchange.
- Require the Exchange to offer eligible health coverage plans that had received its seal of approval.
- Allow the Exchange, with the board's permission, to offer a health care plan that did not provide specific types of coverage otherwise required by law.
- Allow all Michigan residents to apply to purchase health coverage through the Exchange.
- Create the MI-HEART Program within the Exchange to provide subsidies to assist eligible individuals in purchasing health coverage; and prescribe eligibility criteria for the Program.
- Require the Exchange board to develop a plan for outreach and education designed to maximize enrollment of low-income uninsured residents in the Program.
- Require the board to encourage the use of incentives to provide health promotion, chronic care management, and disease prevention.
- Create the "MI-HEART Exchange Fund" and require premium contribution payments and surcharges to be deposited into the Fund.
- Require the Exchange board to report annually to the Legislature and the Auditor General on Exchange activities, receipts, and expenditures.
- Require the board to conduct an annual study of the Exchange and its enrollees and submit to the Legislature a report based on the data collected.
- Require the board, by January 1, 2011, to report to the Governor and the Legislature on progress in achieving universal health coverage in Michigan.

The proposed Act would not take effect unless Federal matching funds were secured for its implementation.

The bill is tie-barred to Senate Bills 280 and 283, which would amend the Nonprofit Health Care Corporation Reform Act and the Insurance Code, respectively, to require a policy or certificate to permit the continuation of hospital or medical care coverage for a child until he or she reached age 26, even if the child were no longer considered a dependent.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Implementation of the bill would be contingent upon Federal approval of the proposed Michigan First Healthcare Plan. Negotiations on the structure and financing of this program are currently in progress and it is not certain how much State or local financial effort would be necessary to operate the MI-HEART Exchange. Financial resources would need to be devoted to the operation of the Exchange for a number of administrative functions outlined in the bill. The fiscal impact associated with operating the Exchange would be determined by the scale of the Michigan First program and the amount of Federal money available for administrative functions.

Increasing the number of residents of the State with health coverage would likely reduce the amount of uncompensated care provided by publicly operated health facilities. Reducing the amount of uncompensated care provided in the State would likely lead to a marginal reduction in the cost of health benefit rates, including those offered by State and local governments.

Date Completed: 5-4-07

Fiscal Analyst: David Fosdick

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