



**House
Legislative
Analysis
Section**

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MEDICAL CARE: THIRD PARTY RECOVERY

House Bill 4197 (Substitute H-2)
House Bill 4198 (Substitute H-2)
House Bill 4199 (Substitute H-1)

First Analysis (9-26-90)

Sponsor: Rep. Nick Ciaramitaro
Committee: Judiciary

THE APPARENT PROBLEM:

A resident county hospitalization (RCH) program is a county-administered program that provides in-patient medical care for indigents under provisions of the Social Welfare Act. The RCH program is established as a program of last resort; it is not for people who are eligible for Medicaid, treatment at a veterans' facility, or who may have their hospital expenses covered by another program such as crime victim's compensation or the no-fault assigned claims facility. Although a certain order of responsibility is provided by statute (for example, crime victim's compensation does not pay what Medicaid will), it occasionally happens that duplicate payments are made and the state or a resident county hospitalization program is faced with the problem of recovering the overpayment from the medical care provider. To help prevent this problem from occurring, a system of communication between county RCH programs, the assigned claims facility, the state Department of Social Services (DSS), and the crime victims compensation program has been proposed.

THE CONTENT OF THE BILLS:

House Bill 4197 would amend the crime victim's compensation act to require the crime victim's program to notify the state DSS and appropriate county RCH when a crime victim filed a claim for compensation (the DSS would provide a list of RCH programs under House Bill 4198). The bill would specify that payment of crime victim's compensation could be made directly to a health care provider, but if notified that the provider had been paid by RCH, the crime victims program would first reimburse RCH and then pay the provider any balance due. The act now requires the amount of compensation to be reduced by the amount received or to be received from public funds; the bill would clarify that this includes Medicaid, but not RCH funds.

MCL 18.356 et al.

House Bill 4198 would amend the Social Welfare Act to require the state DSS to provide the crime victim's compensation program with a list of the RCH programs in the state; the list would indicate which programs were state-administered (the state acts as a billing agent for some of the programs) and be updated when necessary. The DSS would send to RCHs copies of the list, provided by the Department of State under House Bill 4199, of people applying for benefits under the assigned claims plan.

Upon receiving notification from the crime victim's compensation program that a person had filed a claim, the RCH would determine whether a provider had been paid, and within 30 days notify the crime victim's program of any such payments. Upon receiving notification of the

filing of a crime victim's claim, the state DSS would determine whether the claimant had applied for Medicaid, and if so, whether he or she was eligible. Within 30 days after receiving the notification, the DSS would inform the crime victims program whether the claimant had applied for Medicaid, and if so, whether he or she was eligible or whether eligibility had not yet been determined.

MCL 400.660 et al.

House Bill 4199 would amend the Insurance Code to require the secretary of state to send to the state DSS a monthly list of the names of everyone who had applied for benefits under the assigned claims plan during the preceding month.

MCL 500.3178

FISCAL IMPLICATIONS:

The House Fiscal Agency says that the bills would have a minimal fiscal impact; there could be minor administrative costs which would be offset by savings to the RCH program. (9-24-90)

ARGUMENTS:

For:

By ensuring adequate communication between state agencies and resident county hospitalization programs, the bills would help to prevent duplicate payments, thus relieving RCH programs from having to try to collect overpayment from providers. In some respects, the bills would simply formalize what is now being done: for example, the Department of State has been providing the DSS with lists of assigned claims applicants since reports of the problem first surfaced a few years ago.

Against:

House Bill 4198 would require the state DSS to determine Medicaid eligibility and report back to the crime victim's program within 30 days of receiving notice of a crime victim's claim. This timetable would place undue burdens on the department; the bill should be amended to allow the department the 45 days allowed under federal standards.

POSITIONS:

The Crime Victims Compensation Board supports House Bills 4197 and 4198, and has no position on House Bill 4199. (9-21-90)

The Department of State supports House Bill 4199, and has no position on House Bills 4197 and 4198. (9-20-90)

177-4197 (9-20-90)