

# HOUSE BILL No. 5350

December 12, 1989, Introduced by Reps. Johnson, Gilmer, Knight, Dolan and Runco and referred to the Committee on Judiciary.

A bill to amend section 6303 of Act No. 236 of the Public Acts of 1961, entitled as amended  
"Revised judicature act of 1961,"  
as added by Act No. 178 of the Public Acts of 1986, being  
section 600.6303 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 6303 of Act No. 236 of the Public Acts  
2 of 1961, as added by Act No. 178 of the Public Acts of 1986,  
3 being section 600.6303 of the Michigan Compiled Laws, is amended  
4 to read as follows:

5       Sec. 6303. (1) In a personal injury action in which the  
6 plaintiff seeks to recover for the expense of medical care, reha-  
7 bilitation services, loss of earnings, loss of earning capacity,  
8 or other economic loss, evidence to establish that the expense or  
9 loss was paid or is payable, in whole or in part, by a collateral

1 source shall be admissible to the court in which the action was  
2 brought after a verdict for the plaintiff and before a judgment  
3 is entered on the verdict. Subject to subsection (5), if the  
4 court determines that all or part of the plaintiff's expense or  
5 loss has been paid or is payable by a collateral source, the  
6 court shall reduce that portion of the judgment which represents  
7 damages paid or payable by a collateral source by an amount equal  
8 to the sum determined pursuant to subsection (2). This reduction  
9 shall not exceed the amount of the judgment for economic loss or  
10 that portion of the verdict which represents damages paid or pay-  
11 able by a collateral source.

12       (2) The court shall determine the amount of the plaintiff's  
13 expense or loss which has been paid or is payable by a collateral  
14 source. Except for premiums on insurance which is required by  
15 law, that amount shall then be reduced by a sum equal to the pre-  
16 miums, or that portion of the premiums paid for the particular  
17 benefit by the plaintiff or the plaintiff's family or incurred by  
18 the plaintiff's employer on behalf of the plaintiff in securing  
19 the benefits received or receivable from the collateral source.

20       (3) Within 10 days after a verdict for the plaintiff,  
21 plaintiff's attorney shall send notice of the verdict by regis-  
22 tered mail to all persons entitled by contract to a lien against  
23 the proceeds of plaintiff's recovery. If a contractual lien  
24 holder does not exercise the lien holder's right of subrogation  
25 within 20 days after receipt of the notice of the verdict, the  
26 lien holder shall lose the right of subrogation. This subsection

1 shall only apply to contracts executed or renewed on or after the  
2 effective date of this section.

3 (4) As used in this section, "collateral source" means bene-  
4 fits received or receivable from an insurance policy; benefits  
5 payable pursuant to a contract with a health care corporation,  
6 dental care corporation, or health maintenance organization;  
7 employee benefits; social security benefits; worker's compensa-  
8 tion benefits; or medicare benefits. Collateral source does not  
9 include ~~life~~ EITHER OF THE FOLLOWING:

10 (A) LIFE insurance benefits or benefits paid by a person,  
11 partnership, association, corporation, or other legal entity  
12 entitled by law to a lien against the proceeds of a recovery by a  
13 plaintiff in a civil action for damages, INCLUDING THE RIGHT OF  
14 AN EMPLOYER OR WORKER'S COMPENSATION CARRIER TO THE RECOVERY AS  
15 PROVIDED IN SECTION 827 OF THE WORKER'S DISABILITY COMPENSATION  
16 ACT OF 1969, ACT NO. 317 OF THE PUBLIC ACTS OF 1969, BEING  
17 SECTION 418.827 OF THE MICHIGAN COMPILED LAWS. ~~Collateral~~  
18 ~~source does not include benefits~~

19 (B) BENEFITS paid or payable by a person, partnership, asso-  
20 ciation, corporation, or other legal entity entitled by contract  
21 to a lien against the proceeds of a recovery by a plaintiff in a  
22 civil action for damages, if the contractual lien has been exer-  
23 cised pursuant to subsection (3).

24 (5) For purposes of this section, benefits from a collateral  
25 source shall not be considered payable or receivable unless the  
26 court makes a determination that there is a previously existing

1 contractual or statutory obligation on the part of the collateral  
2 source to pay the benefits.