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BILL



ANALYSIS

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Senate Bill 709 (as reported without amendment)  
Sponsor: Senator Dale L. Shugars  
Committee: Health Policy and Senior Citizens

## **CONTENT**

The bill would amend the Nonprofit Health Care Corporation Reform Act to require an insurer to allow a parent to enroll a child, or the Friend of the Court (FOC) to enroll the child, under the parent's coverage, if the parent were required by a court or administrative order to provide health care coverage and the parent were eligible for dependent coverage; assign to the Department of Social Services (DSS) an individual's rights to insurance payments, to the extent that payment was made by the DSS's medical assistance program; prohibit an insurer from considering an individual's eligibility for Medicaid when considering eligibility for coverage; and prohibit an insurer that offered dependent coverage from denying enrollment to an insured's child on the ground that the child was born out of wedlock, was not claimed as a dependent on the insured's Federal income tax return, or did not reside with the insured or in the insurer's service area.

If a parent were required by a court or administrative order to provide health coverage for a child, the insurer were notified of the order, and the parent were eligible for dependent coverage, the insurer would have to do all of the following: permit the parent to enroll, under the dependent coverage, a child who was otherwise eligible for coverage without regard to any enrollment season restrictions; if the parent were enrolled but failed to make application to obtain coverage for the child, enroll the child under dependent coverage upon application by the FOC, or the child's other parent through the FOC; and not eliminate the child's coverage unless premiums had not been paid as required by the policy or certificate, or the insurer was provided with satisfactory written evidence that the court or administrative order was no longer in effect, or the child was or would be enrolled in comparable health coverage through another insurer or self-funded plan that would take effect no later than the effective date of the cancellation of the existing coverage.

MCL 550.1419-550.1419b

Legislative Analyst: G. Towne

## **FISCAL IMPACT**

The bill is responsive to Section 13623 of the Omnibus Budget Reconciliation Act of 1993 which mandates that states have in effect laws relating to medical child support consistent with the provision of that Act. As other State statutes already allow for medical support under child support orders, and as the DSS already engages in a wide variety of third-party recovery activities, it is unlikely that the bill would produce a measurable amount of additional General Fund/General Purpose savings to the State Medicaid program. It should be noted, however, that since the bill would facilitate the overall medical support coverage and enforcement process, one would expect some level of savings to accrue. As an example, the average annual Medicaid fee-for-service cost for a child between the ages of 1 and 14 is \$720 in Wayne County. Each such child covered by private insurance will save the State about 44% of that amount, or \$317 GF/GP annually.

Date Completed: 10-10-95

Fiscal Analyst: J. Walker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.