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BILL ANALYSIS

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Senate Bill 1282 (as introduced 4-30-08)
Sponsor: Senator Roger Kahn, M.D.
Committee: Economic Development and Regulatory Reform

Date Completed: 5-29-08

CONTENT

The bill would amend the Insurance Code to do all of the following:

- Require submitted charges for an injured person's treatment or rehabilitation covered by personal injury protection under a motor vehicle insurance policy to use the same claim forms and code sets required under Federal law.**
- Require the Commissioner of Financial and Insurance Regulation to determine whether changes in Federal requirements would apply to submitted charges.**
- Require charges to be submitted within 90 days after services were rendered or after the date the automobile insurer or third party payer was or should have been known.**
- Exclude hospitals from the 90-day requirement for submitting charges.**
- Require providers of treatment or rehabilitation for an injury covered by motor vehicle insurance to be licensed or registered if Michigan law required licensure or registration.**
- Exempt attendant care provided by relatives, household residents, and others not required to be licensed or registered, from the bill and from the Code's authorization to charge a reasonable amount for products, services, and accommodations rendered.**

Under Section 3157 of the Code, a physician, hospital, clinic, or other person or institution lawfully rendering treatment to an injured person for an accidental bodily injury covered by personal protection insurance (commonly referred to as personal injury protection, or PIP), and a person or institution providing rehabilitative occupational training following the injury, may charge a reasonable amount for the products, services, and accommodations rendered. The charge may not exceed the amount the person or institution customarily charges for like products, services, and accommodations in cases not involving insurance.

The bill would require all charges under Section 3157 that were submitted by paper to the appropriate insurer on behalf of the injured person to use the same claim forms required for seeking payment under Medicare (Title 18 of the Social Security Act), and the same code sets required under the standards for electronic transactions under Federal regulations (45 CFR 160 and 162), adopted pursuant to the Health Insurance Portability and Accountability Act (HIPAA). If an insurer established an electronic claims submission process and the charges under Section 3157 were billed electronically, those charges would have to be billed in accordance with the standards for electronic transactions under 45 CFR 160 and 162 adopted under HIPAA.

If claim forms, code sets, or standards for electronic transactions were amended after the bill's effective date, the Commissioner of Financial and Insurance Regulation would have to determine whether those changes would apply to charges submitted under Section 3157. In making that determination, the Commissioner would have to consider whether the amendments furthered the goal of uniform submission of charges.

All charges under Section 3157 would have to be submitted on behalf of the injured person to the automobile insurer or, in the case of a coordinated automobile insurance policy, to the third party payer, either within 90 days after each product or service was rendered or within 90 days after the date the person or institution knew or should have known the identity of the appropriate automobile insurer or third party payer, whichever was later. The 90-day period would be tolled from the date of submission to a third party payer to the date the person or institution received a response from the third party payer. The automobile insurer would have to extend the 90-day period if a person or institution submitted written proof providing clear and reasonable justification for the failure to comply with the 90-day period. The 90-day submission requirement would not apply to hospitals.

If licensure or registration were required by the State, a physician, hospital, clinic, or other person or institution lawfully rendering treatment in Michigan to an injured person for an accidental bodily injury covered by PIP, and a person or institution providing rehabilitative occupational training in Michigan following the injury, would have to be fully licensed or registered to render that treatment or training.

Section 3157 and the bill's requirements would not apply to attendant care provided by an individual related to the injured person by blood, marriage, or adoption; by any nonrelated permanent resident of the injured person's household; or by any other individual who was not required to be licensed or registered to provide those services.

MCL 500.3157

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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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.