



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 973 (as reported without amendment)
Sponsor: Senator Jim Marleau
Committee: Health Policy

CONTENT

The bill would enter Michigan into the "Interstate Health Care Compact", which would do the following:

- Allow each member state, within its state, to suspend the operation of all Federal laws and regulations regarding health care that were inconsistent with the laws and regulations adopted by the member state.
- Give each member state the right to Federal money up to an amount equal to its "member state current year funding level" for each Federal fiscal year.
- Create the Interstate Advisory Health Care Commission and require it to collect information to assist the member states in their regulation of health care.
- Require the member states to take action to secure the consent of Congress to the Compact "in order to return the authority to regulate health care to the member states".
- Allow a member state to withdraw from the Compact by adopting a law to that effect.

The Compact would be effective when it was adopted by at least two member states and received the consent of Congress.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would enact the Interstate Health Care Compact which, with the permission of Congress, would allow the states to regulate health care (in particular insurance) independently of Federal laws and regulation. Each state in the Compact, subject to Congressional approval, would receive the estimated current Federal spending on health care in its state, updated for population and inflation, to be used to help support health coverage in the state. The bill estimates that Michigan's share would be just under \$29.5 billion, the vast majority of which would reflect Federal spending on Medicare and Medicaid for Michigan residents.

The fiscal impact of this legislation, if enacted and supported by the Federal government, is unknown. The states in the Compact would have greater flexibility to manage health care for Medicare and Medicaid recipients, which could lead to efficiencies. It should be noted that any additional costs or savings would be completely State costs or savings, so, to the extent that efficiencies occurred, the State could see considerable savings. On the other hand, if costs increased, State expenditures could escalate.

Date Completed: 3-16-12

Fiscal Analyst: Steve Angelotti