



**House  
Legislative  
Analysis  
Section**

Washington Square Building, Suite 1025  
Lansing, Michigan 48909  
Phone 517/373-6466

**GROUP HEALTH: REPLACEMENT COVERAGES**

113  
MAY 22 1989

House Bills 4537 and 4538  
Sponsor: Rep. Ken Sikkema  
Committee: Insurance

PAID BY SPONSOR

Complete to 5-2-89

**A SUMMARY OF HOUSE BILLS 4537 AND 4538 AS INTRODUCED 4-6-89**

The bills would prohibit a group disability insurance policy that was replacing other group coverage from including a limitation on a person or from excluding a person who was covered under the old coverage if the person was a member of the class or classes of individuals eligible for coverage under the new policy, except as specifically permitted.

The bills would require that when a replacement policy contained a pre-existing condition limitation (i.e., a waiting period), the level of coverage in the new policy for a person covered for that condition under the old policy would have to be at least equal to the lesser of: 1) the benefits of the old coverage or 2) the coverage of the new policy without the waiting period. (For example, if an employer switched from a policy that covered liver transplants up to \$100,000 to a policy that covered transplants up to \$1 million but with a nine-month waiting period, a person would have to be covered under the new plan up to \$100,000 without being subject to the waiting period.)

The bills would not, however, preclude a reduction or limitation of benefits that applied to an entire plan.

House Bill 4537 would amend the Insurance Code (500.3607) to apply to commercial insurance companies. House Bill 4538 would amend the Nonprofit Health Care Corporation Reform Act (550.1401c) to apply to Blue Cross and Blue Shield of Michigan.

House Bills 4537 and 4538 (5-2-89)