

HOUSE BILL No. 4990

June 24, 1991, Introduced by Rep. Varga and referred to the Committee on Insurance.

A bill to amend Act No. 368 of the Public Acts of 1978, entitled as amended
"Public health code,"
as amended, being sections 333.1101 to 333.25211 of the Michigan Compiled Laws, by adding section 21087.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 368 of the Public Acts of 1978, as
2 amended, being sections 333.1101 to 333.25211 of the Michigan
3 Compiled Laws, is amended by adding section 21087 to read as
4 follows:

5 SEC. 21087. (1) A GROUP HEALTH MAINTENANCE CONTRACT ISSUED
6 OR RENEWED IN THIS STATE AFTER DECEMBER 31, 1991 SHALL INCLUDE
7 PROVISIONS CONSISTENT WITH THIS SECTION.

8 (2) IF AN INDIVIDUAL ENROLLEE HAS BEEN CONTINUOUSLY COVERED
9 UNDER A GROUP HEALTH MAINTENANCE CONTRACT FOR AT LEAST 3 MONTHS

1 IMMEDIATELY PRIOR TO TERMINATION, THE INDIVIDUAL SUBSCRIBER AND
2 HIS OR HER ENROLLED SPOUSE AND DEPENDENTS MAY ELECT COVERAGE
3 UNDER AN INDIVIDUAL CONVERSION HEALTH MAINTENANCE CONTRACT UPON
4 TERMINATION. AS USED IN THIS SECTION, TERMINATION INCLUDES, BUT
5 IS NOT LIMITED TO, THE FOLLOWING:

6 (A) DISCONTINUANCE OF A GROUP HEALTH MAINTENANCE CONTRACT IN
7 ITS ENTIRETY OR WITH RESPECT TO A COVERED CLASS EXCEPT WHEN THE
8 DISCONTINUED COVERAGE IS REPLACED BY GROUP COVERAGE FOR THE SUB-
9 SCRIBER AND HIS OR HER DEPENDENTS.

10 (B) LOSS OF COVERAGE DUE TO VOLUNTARY OR INVOLUNTARY TERMI-
11 NATION OF EMPLOYMENT EXCEPT FOR TERMINATION OF EMPLOYMENT BECAUSE
12 OF GROSS MISCONDUCT.

13 (C) FOR A SURVIVING SPOUSE OR DEPENDENT, DEATH OF THE SUB-
14 SCRIBER COVERED UNDER A GROUP HEALTH MAINTENANCE CONTRACT.

15 (D) AN EVENT THAT CAUSES A PERSON, WHO IS A SPOUSE OR DEPEN-
16 DENT OF A SUBSCRIBER AT THE TIME OF THE EVENT, TO CEASE TO BE AN
17 ELIGIBLE FAMILY MEMBER UNDER A GROUP HEALTH MAINTENANCE
18 CONTRACT.

19 (3) SUBJECT TO SUBSECTION (6), COVERAGE UNDER AN INDIVIDUAL
20 CONVERSION HEALTH MAINTENANCE CONTRACT SHALL TAKE EFFECT IMMEDI-
21 ATELY UPON THE TERMINATION OF COVERAGE UNDER THE GROUP HEALTH
22 MAINTENANCE CONTRACT.

23 (4) NOTIFICATION OF THE CONVERSION PRIVILEGE SHALL BE
24 INCLUDED IN EACH HEALTH MAINTENANCE CONTRACT.

25 (5) THE GROUP SPONSOR SHALL GIVE WRITTEN NOTICE TO A GROUP
26 SUBSCRIBER OF THE OPTION TO ELECT AN INDIVIDUAL CONVERSION HEALTH

1 MAINTENANCE CONTRACT WITHIN 14 DAYS BEFORE OR AFTER THE
2 OCCURRENCE OF SUBSECTION (2)(A) OR (B).

3 (6) THE SUBSCRIBER OR AN ENROLLEE SHALL NOTIFY THE HEALTH
4 MAINTENANCE ORGANIZATION OF HIS OR HER ELECTION TO CONVERT TO AN
5 INDIVIDUAL CONVERSION HEALTH MAINTENANCE CONTRACT NOT LATER THAN
6 30 DAYS AFTER TERMINATION OF COVERAGE. THE FIRST PREMIUM SHALL
7 BE PAID TO THE HEALTH MAINTENANCE ORGANIZATION AT THE TIME THE
8 INDIVIDUAL ELECTS TO CONVERT TO AN INDIVIDUAL CONVERSION HEALTH
9 MAINTENANCE CONTRACT.

10 (7) AN INDIVIDUAL CONVERSION HEALTH MAINTENANCE CONTRACT
11 UNDER THIS SECTION:

12 (A) SHALL BE ISSUED WITHOUT EVIDENCE OF INSURABILITY.

13 (B) SHALL NOT USE CONDITIONS PERTAINING TO HEALTH AS A BASIS
14 FOR CLASSIFICATION.

15 (C) SHALL NOT EXCLUDE A PREEXISTING CONDITION THAT IS NOT
16 EXCLUDED BY THE GROUP HEALTH MAINTENANCE CONTRACT SOLELY BECAUSE
17 IT IS A PREEXISTING CONDITION.

18 (D) MAY PROVIDE THAT BENEFITS MAY BE REDUCED BY THE AMOUNT
19 OF BENEFITS PAID OR PROVIDED FOR A SPECIFIC COVERED SERVICE PUR-
20 SUANT TO THE GROUP HEALTH MAINTENANCE CONTRACT THAT HAS BEEN
21 TERMINATED.

22 (8) THE PREMIUM FOR AN INDIVIDUAL CONVERSION HEALTH MAINTENANCE
23 CONTRACT UNDER THIS SECTION SHALL BE DETERMINED USING THE
24 AGGREGATE EXPERIENCE FOR ALL SUCH CONTRACTS AND SHALL COMPLY WITH
25 THE STANDARDS IN SECTION 21063. THE EXPERIENCE OF AN INDIVIDUAL
26 UNDER AN INDIVIDUAL CONVERSION HEALTH MAINTENANCE CONTRACT SHALL

1 NOT BE AN ACCEPTABLE BASIS FOR ESTABLISHING THAT INDIVIDUAL'S
2 RATE FOR HIS OR HER INDIVIDUAL CONVERSION CONTRACT.

3 (9) A HEALTH MAINTENANCE ORGANIZATION IS NOT REQUIRED TO
4 ISSUE OR CONTINUE AN INDIVIDUAL CONVERSION HEALTH MAINTENANCE
5 CONTRACT UNDER THIS SECTION IF ANY OF THE FOLLOWING CIRCUMSTANCES
6 APPLY:

7 (A) THE INDIVIDUAL IS COVERED FOR SIMILAR BENEFITS AND TO A
8 SIMILAR EXTENT BY ANOTHER EXPENSE-INCURRED HOSPITAL, MEDICAL,
9 SURGICAL, OR SICK-CARE INSURANCE POLICY OR CERTIFICATE, HOSPITAL
10 OR MEDICAL SERVICE SUBSCRIBER CONTRACT, MEDICAL PRACTICE OR OTHER
11 PREPAYMENT PLAN, OR OTHER EXPENSE-INCURRED PLAN OR PROGRAM.

12 (B) THE INDIVIDUAL IS COVERED UNDER TITLE XVIII OF THE
13 SOCIAL SECURITY ACT, CHAPTER 531, 49 STAT. 620, 42 U.S.C. 1395 TO
14 1395b, 1395b-2, 1395c TO 1395i, 1395i-2 TO 1395i-4, 1395j TO
15 1395t, 1395u TO 1395w-2, 1395w-4 TO 1395dd, 1395ff TO 1395yy, AND
16 1395bbb TO 1395ccc.

17 (10) AN INDIVIDUAL CONVERSION HEALTH MAINTENANCE CONTRACT
18 MAY BE TERMINATED ONLY AS PERMITTED IN THE CONTRACT WHICH HAS
19 BEEN APPROVED BY THE COMMISSIONER.