

HOUSE BILL No. 6141

September 24, 1992, Introduced by Reps. Hollister and Emerson and referred to the Committee on Public Health.

A bill to amend the title of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended, being sections 500.100 to 500.8302 of the Michigan Compiled Laws; and to add chapter 35.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. The title of Act No. 218 of the Public Acts of
2 1956, as amended, being sections 500.100 to 500.8302 of the
3 Michigan Compiled Laws, is amended and chapter 35 is added to
4 read as follows:

5	TITLE
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6 An act to revise, consolidate, and classify the laws relat-
7 ing to the insurance and surety business; to regulate the
8 incorporation or formation of domestic insurance and surety
9 companies and associations and the admission of foreign and alien

1 companies and associations; to provide their rights, powers, and
2 immunities and to prescribe the conditions on which companies and
3 associations organized, existing, or authorized under this act
4 may exercise their powers; to provide the rights, powers, and
5 immunities and to prescribe the conditions on which other per-
6 sons, firms, corporations, associations, risk retention groups,
7 and purchasing groups engaged in an insurance or surety business
8 may exercise their powers; to provide for the imposition of a
9 privilege fee on domestic insurance companies and associations
10 and the state accident fund; to provide for the imposition of a
11 tax on the business of foreign and alien companies and associa-
12 tions; to provide for the imposition of a tax on risk retention
13 groups and purchasing groups; to provide for the imposition of a
14 tax on the business of surplus line agents; to modify tort
15 liability arising out of certain accidents; to provide for
16 limited actions with respect to that modified tort liability and
17 to prescribe certain procedures for maintaining those actions; to
18 require security for losses arising out of certain accidents; to
19 provide for the continued availability and affordability of auto-
20 mobile insurance and homeowners insurance in this state and to
21 facilitate the purchase of that insurance by all residents of
22 this state at fair and reasonable rates; to provide for certain
23 reporting with respect to insurance and with respect to certain
24 claims against uninsured or self-insured persons; to prescribe
25 duties for certain state departments and officers with respect to
26 that reporting; to provide for certain assessments; to establish
27 and continue certain state insurance funds; to modify and clarify

1 the status, rights, powers, duties, and operations of the
2 nonprofit malpractice insurance fund; to provide for the depart-
3 mental supervision and regulation of the insurance and surety
4 business within this state; to provide for the conservation,
5 rehabilitation, or liquidation of unsound or insolvent insurers;
6 to provide for the protection of policyholders, claimants, and
7 creditors of unsound or insolvent insurers; to provide for asso-
8 ciations of insurers to protect policyholders and claimants in
9 the event of insurer insolvencies; to prescribe educational
10 requirements for insurance agents and solicitors; to provide for
11 the regulation of multiple employer welfare arrangements; to
12 create an automobile theft prevention authority to reduce the
13 number of automobile thefts in this state; to prescribe the
14 powers and duties of the automobile theft prevention authority;
15 TO CREATE A HEALTH SERVICES COMMISSION; TO PRESCRIBE THE POWERS
16 AND DUTIES OF THE HEALTH SERVICES COMMISSION; TO CREATE A HEALTH
17 BENEFIT FUND; to provide certain powers and duties upon certain
18 officials, departments, and authorities of this state; to repeal
19 certain acts and parts of acts; to repeal certain acts and parts
20 of acts on specific dates; to repeal certain parts of this act on
21 specific dates; and to provide penalties for the violation of
22 this act.

23

CHAPTER 35

24

SEC. 3501. AS USED IN THIS CHAPTER:

25

(A) "CARRIER" MEANS A HEALTH INSURER UNDER THIS ACT, A

26

HEALTH CARE CORPORATION UNDER THE NONPROFIT HEALTH CARE

27

CORPORATION-REFORM ACT, ACT NO. 350 OF THE PUBLIC ACTS OF 1980,

1 BEING SECTIONS 550.1101 TO 550.1704 OF THE MICHIGAN COMPILED
2 LAWS, OR A HEALTH MAINTENANCE ORGANIZATION UNDER THE PUBLIC
3 HEALTH CODE, ACT NO. 368 OF THE PUBLIC ACTS OF 1978, BEING SEC-
4 TIONS 333.1101 TO 333.25211 OF THE MICHIGAN COMPILED LAWS,
5 APPROVED BY THE HEALTH SERVICES COMMISSION AND HOLDING A VALID
6 CERTIFICATE OF AUTHORITY OR LICENSE FROM THE COMMISSIONER OF
7 INSURANCE, OR 2 OR MORE SUCH HEALTH INSURERS, HEALTH CARE CORPO-
8 RATIONS, OR HEALTH MAINTENANCE ORGANIZATIONS ACTING TOGETHER PUR-
9 SUANT TO A PARTNERSHIP, JOINT VENTURE, OR OTHER JOINT MEANS OF
10 OPERATION.

11 (B) "CLASS OF EMPLOYEE" MEANS AN EMPLOYEE CLASSIFIED AS
12 EITHER A MANAGEMENT OR NONMANAGEMENT EMPLOYEE.

13 (C) "COMMISSION" MEANS THE HEALTH SERVICES COMMISSION CRE-
14 ATED IN SECTION 3505.

15 (D) "ELIGIBLE EMPLOYEE" MEANS AN INDIVIDUAL WHO IS EMPLOYED
16 BY AN EMPLOYER FOR AN AVERAGE OF AT LEAST 17.5 HOURS PER WEEK WHO
17 ELECTS TO PARTICIPATE IN 1 OF THE HEALTH BENEFIT PLANS UNDER THIS
18 CHAPTER. ELIGIBLE EMPLOYEE ALSO INCLUDES SOLE PROPRIETORS, BUSI-
19 NESS PARTNERS, AND LIMITED PARTNERS. ELIGIBLE EMPLOYEE DOES NOT
20 INCLUDE THE FOLLOWING:

21 (i) AN INDIVIDUAL ENGAGED AS AN INDEPENDENT CONTRACTOR.

22 (ii) AN INDIVIDUAL WHOSE PERIODS OF EMPLOYMENT ARE ON AN
23 INTERMITTENT OR IRREGULAR BASIS.

24 (iii) AN INDIVIDUAL WHO HAS BEEN EMPLOYED BY THE EMPLOYER
25 FOR FEWER THAN 90 DAYS.

26 (E) "ELIGIBLE EMPLOYER" MEANS AN EMPLOYER THAT MEETS ALL OF
27 THE FOLLOWING:

1 (i) EMPLOYS NO MORE THAN 25 EMPLOYEES WHO DO NOT HAVE HEALTH
2 INSURANCE AS A SPOUSE, DEPENDENT, OR OTHERWISE.

3 (ii) MAKES A MINIMUM CONTRIBUTION TO BE SET BY THE COMMIS-
4 SION TOWARD THE PREMIUM INCURRED ON BEHALF OF A COVERED
5 EMPLOYEE.

6 (iii) HAS NOT CONTRIBUTED WITHIN THE PRECEDING 2 YEARS TO
7 ANY GROUP HEALTH INSURANCE PREMIUM ON BEHALF OF AN EMPLOYEE WHO
8 IS TO BE COVERED BY THE EMPLOYER'S CONTRIBUTION. HOWEVER, ANY
9 CONTRIBUTION BY AN EMPLOYER TO A HEALTH INSURANCE PLAN WITHIN THE
10 PRECEDING 2 YEARS SOLELY FOR THE BENEFIT OF THE EMPLOYER OR THE
11 EMPLOYER'S DEPENDENTS SHALL NOT BE CONSIDERED TO DISQUALIFY THE
12 EMPLOYER.

13 (F) "FAMILY MEMBER" MEANS THE SPOUSE AND AN UNMARRIED CHILD
14 OR STEPCHILD OF AN ELIGIBLE EMPLOYEE OR PARTICIPANT IN A COMMIS-
15 SION APPROVED HEALTH BENEFIT PLAN WITHIN AGE LIMITS AND OTHER
16 CONDITIONS IMPOSED BY THE COMMISSION FOR UNMARRIED CHILDREN OR
17 STEPCHILDREN.

18 (G) "FUND" MEANS THE HEALTH BENEFIT PLAN FUND CREATED IN
19 SECTION 3525.

20 (H) "HEALTH BENEFIT PLAN" MEANS A CONTRACT APPROVED BY THE
21 COMMISSION FOR GROUP MEDICAL, SURGICAL, HOSPITAL, OR OTHER REME-
22 DIAL CARE RECOGNIZED BY STATE LAW, AND RELATED SERVICES AND
23 SUPPLIES.

24 (I) "HEALTH CARE PROVIDER" MEANS A HEALTH PROFESSIONAL
25 LICENSED UNDER ARTICLE 15 OF THE PUBLIC HEALTH CODE, ACT NO. 368
26 OF THE PUBLIC ACTS OF 1978, BEING SECTIONS 333.16101 TO 333.18838
27 OF THE MICHIGAN COMPILED LAWS, AND A HEALTH FACILITY OR AGENCY

1 LICENSED UNDER ARTICLE 17 OF ACT NO. 368 OF THE PUBLIC ACTS OF
2 1978, BEING SECTIONS 333.20101 TO 333.22260 OF THE MICHIGAN
3 COMPILED LAWS.

4 (J) "JOINT COMMITTEE" MEANS THE JOINT LEGISLATIVE COMMITTEE
5 ON HEALTH CARE CREATED IN SECTION 3503.

6 (K) "PREMIUM" MEANS THE MONTHLY OR OTHER PERIODIC CHARGE FOR
7 A HEALTH BENEFIT PLAN.

8 (L) "RULE" MEANS A RULE PROMULGATED PURSUANT TO THE ADMINIS-
9 TRATIVE PROCEDURES ACT OF 1969, ACT NO. 306 OF THE PUBLIC ACTS OF
10 1969, BEING SECTIONS 24.201 TO 24.328 OF THE MICHIGAN COMPILED
11 LAWS.

12 (M) "UNINSURED PERSON" MEANS A PERSON WHO HAS NO HEALTH
13 INSURANCE OR COVERAGE AND IS INELIGIBLE TO RECEIVE HEALTH CARE
14 THROUGH TITLE XVIII OF THE SOCIAL SECURITY ACT, CHAPTER 531, 49
15 STAT. 620, 42 U.S.C. 1395 TO 1395b, 1395b-2, 1395c TO 1395i,
16 1395i-2 TO 1395i-4, 1395j TO 1395t, 1395u TO 1395w-2, 1395w-4 TO
17 1395zz, AND 1395bbb TO 1395ccc, OR TITLE XIX OF THE SOCIAL SECUR-
18 ITY ACT, CHAPTER 531, 49 STAT. 620, 42 U.S.C. 1396 TO 1396f, AND
19 1396i TO 1396u.

20 SEC. 3503. (1) THE JOINT LEGISLATIVE COMMITTEE ON HEALTH
21 CARE IS CREATED TO OVERSEE THE IMPLEMENTATION OF THIS CHAPTER AND
22 ASSIST THE COMMISSION AS PRESCRIBED IN THIS SECTION. THE JOINT
23 COMMITTEE CONSISTS OF 5 MEMBERS OF THE SENATE AND 5 MEMBERS OF
24 THE HOUSE OF REPRESENTATIVES APPOINTED IN THE SAME MANNER AS
25 STANDING COMMITTEES ARE APPOINTED, FOR TERMS OF 2 YEARS. MEMBERS
26 OF THE JOINT COMMITTEE SHALL SERVE WITHOUT COMPENSATION BUT SHALL
27 BE REIMBURSED FOR EXPENSES INCURRED IN CONDUCTING THE BUSINESS OF

1 THE COMMITTEE. THE EXPENSES OF THE MEMBERS OF THE SENATE SHALL
2 BE PAID FROM APPROPRIATIONS TO THE SENATE AND THE EXPENSES OF THE
3 MEMBERS OF THE HOUSE OF REPRESENTATIVES SHALL BE PAID FROM APPRO-
4 PRIATIONS TO THE HOUSE OF REPRESENTATIVES.

5 (2) THE JOINT COMMITTEE SHALL EMPLOY EMPLOYEES AS MAY BE
6 NECESSARY AND FIX THEIR COMPENSATION WITHIN THE APPROPRIATIONS
7 MADE BY THE LEGISLATURE FOR THIS PURPOSE.

8 (3) THE POSITION OF CHAIRPERSON OF THE JOINT COMMITTEE SHALL
9 ALTERNATE BETWEEN THE SENATE AND THE HOUSE OF REPRESENTATIVES,
10 BEGINNING THE FIRST YEAR WITH THE SENATE. THE VICE-CHAIRPERSON
11 SHALL BE FROM THE OTHER HOUSE. THE CHAIRPERSON AND
12 VICE-CHAIRPERSON SHALL BE APPOINTED ANNUALLY BY THE MAJORITY
13 LEADER OF THE SENATE OR THE SPEAKER OF THE HOUSE OF REPRESENTA-
14 TIVES, RESPECTIVELY.

15 (4) THE JOINT COMMITTEE SHALL MEET AT LEAST TWICE A YEAR AND
16 MAY MEET DURING A SESSION OF THE LEGISLATURE AND DURING AN
17 INTERIM BETWEEN SESSIONS. THE JOINT COMMITTEE MAY HOLD A HEARING
18 ON MATTERS RELATED TO ITS OVERSIGHT OF THIS CHAPTER. THE CHAIR-
19 PERSON OF THE JOINT COMMITTEE OR A MEMBER DESIGNATED BY THE
20 CHAIRPERSON, UPON MAJORITY VOTE OF THE JOINT COMMITTEE, MAY
21 ADMINISTER OATHS, SUBPOENA WITNESSES, AND EXAMINE BOOKS AND
22 RECORDS OF A PERSON INVOLVED IN A MATTER PROPERLY BEFORE THE
23 COMMITTEE.

24 (5) THE JOINT COMMITTEE SHALL ACT IN CONJUNCTION WITH THE
25 COMMISSION TO ACTIVELY SOLICIT PUBLIC INVOLVEMENT THROUGH PUBLIC
26 HEARINGS TO DETERMINE ADEQUATE AND AFFORDABLE COVERAGES IN THE
27 ESTABLISHMENT OF HEALTH BENEFIT PLANS.

1 SEC. 3505. (1) THE HEALTH SERVICES COMMISSION IS
2 ESTABLISHED IN THE INSURANCE BUREAU, CONSISTING OF 11 MEMBERS
3 APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE
4 SENATE. FIVE MEMBERS SHALL BE PHYSICIANS LICENSED TO PRACTICE
5 MEDICINE IN THIS STATE WHO HAVE CLINICAL EXPERTISE IN THE GENERAL
6 AREAS OF OBSTETRICS, PERINATAL, PEDIATRICS, ADULT MEDICINE, OR
7 PUBLIC HEALTH. AT LEAST 1 OF THE PHYSICIANS SHALL BE A DOCTOR OF
8 OSTEOPATHY. OTHER MEMBERS SHALL INCLUDE A PUBLIC HEALTH NURSE, A
9 SOCIAL SERVICES WORKER, AND 4 CONSUMERS OF HEALTH CARE. IN
10 MAKING THE APPOINTMENTS, THE GOVERNOR SHALL CONSULT WITH PROFES-
11 SIONAL AND OTHER INTERESTED ORGANIZATIONS.

12 (2) MEMBERS OF THE COMMISSION SHALL SERVE FOR A TERM OF 4
13 YEARS, AT THE PLEASURE OF THE GOVERNOR, EXCEPT THAT OF THOSE
14 FIRST APPOINTED, 2 SHALL SERVE FOR 1 YEAR, 3 SHALL SERVE FOR 2
15 YEARS, 3 SHALL SERVE FOR 3 YEARS, AND 3 SHALL SERVE FOR 4 YEARS.

16 (3) MEMBERS SHALL RECEIVE NO COMPENSATION FOR THEIR SERV-
17 ICES, BUT SUBJECT TO ANY APPLICABLE STATE LAW, SHALL RECEIVE
18 ACTUAL AND NECESSARY TRAVEL EXPENSES INCURRED IN THE PERFORMANCE
19 OF THEIR DUTIES.

20 (4) THE COMMISSION MAY ESTABLISH SUBCOMMITTEES OF ITS MEM-
21 BERS AND MAY CONSULT WITH OTHER MEDICAL, ECONOMIC, OR HEALTH
22 SERVICES ADVISERS AS IT DETERMINES TO BE NECESSARY TO ASSIST THE
23 COMMISSION IN THE PERFORMANCE OF ITS DUTIES.

24 (5) THE COMMISSION SHALL ESTABLISH A SUBCOMMITTEE ON MENTAL
25 HEALTH CARE AND CHEMICAL DEPENDENCY TO ASSIST THE COMMISSION IN
26 DETERMINING THE PRIORITIES FOR MENTAL HEALTH CARE AND CHEMICAL
27 DEPENDENCY IN THE ESTABLISHMENT OF HEALTH BENEFIT PLANS. THE

1 SUBCOMMITTEE SHALL INCLUDE MENTAL HEALTH AND CHEMICAL DEPENDENCY
2 PROFESSIONALS WHO PROVIDE INPATIENT AND OUTPATIENT MENTAL HEALTH
3 AND CHEMICAL DEPENDENCY CARE.

4 (6) THE COMMISSION SHALL CONSULT WITH THE JOINT COMMITTEE
5 AND CONDUCT PUBLIC HEARINGS PRIOR TO ESTABLISHING HEALTH BENEFIT
6 PLANS. THE COMMISSION SHALL SOLICIT TESTIMONY AND INFORMATION.

7 (7) IN CONJUNCTION WITH THE JOINT COMMITTEE, THE COMMISSION
8 SHALL ACTIVELY SOLICIT PUBLIC INVOLVEMENT IN A PUBLIC HEARING
9 PROCESS TO BUILD A CONSENSUS ON THE VALUES TO BE USED TO GUIDE
10 DECISIONS ON THE ALLOCATION OF HEALTH RESOURCES AND IN ESTABLISH-
11 ING HEALTH BENEFIT PLANS AT THE MOST AFFORDABLE LEVEL.

12 SEC. 3507. (1) IN CARRYING OUT ITS DUTIES UNDER THIS CHAP-
13 TER, THE COMMISSION SHALL DO ALL OF THE FOLLOWING:

14 (A) DEVELOP HEALTH BENEFIT PLANS FOR ELIGIBLE EMPLOYEES,
15 ELIGIBLE EMPLOYERS, AND UNINSURED PERSONS, AND THEIR FAMILIES.

16 (B) ESTABLISH STANDARDS TO BE OBSERVED IN THE PROVISION OF
17 MEDICAL AND REMEDIAL CARE AND SERVICES.

18 (C) ENTER INTO CONTRACTS FOR THE ADMINISTRATION OF THIS
19 CHAPTER INCLUDING THE COLLECTION OF PREMIUMS AND THE PAYMENT OF
20 CARRIERS.

21 (D) ENTER INTO CONTRACTS WITH CARRIERS OR HEALTH CARE PRO-
22 VIDERS FOR HEALTH CARE INSURANCE OR SERVICES, INCLUDING CONTRACTS
23 THAT PERMIT FINAL PAYMENT TO BE REDUCED IF USAGE IS BELOW A LEVEL
24 FIXED IN THE CONTRACT.

25 (E) RETAIN CONSULTANTS AND EMPLOY STAFF.

26 (F) BEGINNING 1 YEAR AFTER THE EFFECTIVE DATE OF THIS
27 CHAPTER, SET PREMIUM RATES FOR HEALTH BENEFIT PLANS.

1 (G) PERFORM OTHER DUTIES TO PROVIDE LOW COST HEALTH BENEFIT
2 PLANS.

3 (2) NOTWITHSTANDING ANY OTHER BENEFIT PLAN CONTRACTED FOR
4 AND APPROVED BY THE COMMISSION, THE COMMISSION SHALL CONTRACT FOR
5 A HEALTH BENEFIT PLAN OR PLANS BEST DESIGNED TO MEET THE NEEDS
6 AND PROVIDE FOR THE WELFARE OF ELIGIBLE EMPLOYEES, ELIGIBLE
7 EMPLOYERS, AND UNINSURED PERSONS, AND THEIR FAMILIES.

8 (3) THE COMMISSION MAY APPROVE MORE THAN 1 CARRIER FOR EACH
9 TYPE OF HEALTH BENEFIT PLAN CONTRACTED FOR AND OFFERED IF THE
10 NUMBER OF CARRIERS IS HELD TO A NUMBER CONSISTENT WITH ADEQUATE
11 SERVICE TO ELIGIBLE EMPLOYEES, ELIGIBLE EMPLOYERS, AND UNINSURED
12 PERSONS, AND THEIR FAMILY MEMBERS.

13 (4) IF APPROPRIATE FOR A CONTRACTED AND OFFERED HEALTH BENE-
14 FIT PLAN, THE COMMISSION SHALL PROVIDE OPTIONS IN THE PLAN TO
15 ENABLE ELIGIBLE EMPLOYEES, ELIGIBLE EMPLOYERS, AND UNINSURED PER-
16 SONS TO ARRANGE COVERAGE FOR THEIR FAMILY MEMBERS.

17 (5) IN DEVELOPING A HEALTH BENEFIT PLAN, THE COMMISSION MAY
18 PROVIDE AN OPTION OF ADDITIONAL COVERAGE FOR ELIGIBLE EMPLOYEES,
19 ELIGIBLE EMPLOYERS, AND UNINSURED PERSONS, AND THEIR FAMILY MEM-
20 BERS AT AN ADDITIONAL COST OR PREMIUM.

21 (6) TRANSFER OF ENROLLMENT FROM 1 PLAN TO ANOTHER SHALL BE
22 OPEN TO ALL ELIGIBLE EMPLOYEES, ELIGIBLE EMPLOYERS, AND UNINSURED
23 PERSONS, AND THEIR FAMILY MEMBERS UNDER RULES PROMULGATED BY THE
24 COMMISSION.

25 SEC. 3509. (1) THE COMMISSION SHALL PROVIDE HEALTH BENEFIT
26 PLANS AND PACKAGES OF HEALTH SERVICES THAT ARE FAIR TO CITIZENS
27 AND HEALTH CARE PROVIDERS OF THIS STATE.

1 (2) PURSUANT TO RULES PROMULGATED BY THE COMMISSIONER AND
2 CONSISTENT WITH ITS GOALS OF PROVIDING HEALTH BENEFIT PLANS, THE
3 COMMISSION MAY EXECUTE PREPAID MANAGED HEALTH CARE SERVICES CON-
4 TRACTS FOR HEALTH SERVICES CREATED UNDER THIS CHAPTER. THE
5 HEALTH BENEFIT PLANS SHALL USE FULL SERVICE MANAGED HEALTH CARE
6 SERVICE PROVIDERS FOR PROVIDING HEALTH SERVICES UNDER THIS
7 CHAPTER. THE COMMISSION SHALL SOLICIT QUALIFIED HEALTH CARE PRO-
8 VIDERS OR HEALTH BENEFIT PLANS TO BE REIMBURSED AT RATES THAT
9 COVER THE COSTS OF PROVIDING THE COVERED SERVICES. THE CONTRACTS
10 MAY BE WITH HOSPITALS AND MEDICAL ORGANIZATIONS, HEALTH CARE COR-
11 PORATIONS, HEALTH MAINTENANCE ORGANIZATIONS, MANAGED HEALTH CARE
12 PLANS, AND ANY OTHER QUALIFIED PUBLIC OR PRIVATE ENTITIES. THE
13 COMMISSION SHALL NOT DISCRIMINATE AGAINST ANY CONTRACTORS THAT
14 OFFER SERVICES WITHIN THEIR PROVIDERS' LAWFUL SCOPES OF
15 PRACTICE.

16 (3) THE INITIAL CONTRACT PERIOD SHALL BEGIN ON OR AFTER
17 OCTOBER 1, 1993.

18 (4) EXCEPT FOR SPECIAL CIRCUMSTANCES RECOGNIZED IN RULES
19 PROMULGATED BY THE COMMISSIONER, ALL SUBSEQUENT CONTRACTS SHALL
20 BE FOR 1-YEAR PERIODS STARTING ON OCTOBER 1, 1994.

21 (5) IF THERE IS AN INSUFFICIENT NUMBER OF QUALIFIED ENTITIES
22 TO PROVIDE FOR PREPAID MANAGED HEALTH SERVICES CONTRACTS IN CER-
23 TAIN AREAS OF THE STATE, THE COMMISSION MAY INSTITUTE A
24 FEE-FOR-SERVICE CASE MANAGEMENT SYSTEM IF POSSIBLE OR MAY CON-
25 TINUE A FEE-FOR-SERVICE PAYMENT SYSTEM FOR THOSE AREAS THAT PAY
26 FOR THE SAME SERVICES PROVIDED UNDER THE HEALTH SERVICES
27 CONTRACTS FOR PERSONS ELIGIBLE FOR HEALTH CARE SERVICES UNDER

1 THIS CHAPTER. IN ADDITION, THE COMMISSION MAY MAKE OTHER SPECIAL
2 ARRANGEMENTS AS NECESSARY TO INCREASE THE INTEREST OF HEALTH CARE
3 PROVIDERS IN PARTICIPATING IN A MANAGED HEALTH CARE SYSTEM,
4 INCLUDING, BUT NOT LIMITED TO, THE PROVISION OF STOP-LOSS INSUR-
5 ANCE FOR HEALTH CARE PROVIDERS WISHING TO LIMIT THE AMOUNT OF
6 RISK THEY WISH TO UNDERWRITE.

7 (6) THE COMMISSION MAY ESTABLISH A SELF-FUNDED HEALTH BENE-
8 FIT PLAN TO PROVIDE HEALTH CARE SERVICES OR BENEFITS TO ELIGIBLE
9 EMPLOYEES, ELIGIBLE EMPLOYERS, AND UNINSURED PERSONS, AND THEIR
10 FAMILIES EITHER DIRECTLY OR INDIRECTLY THROUGH A TRUST OR THIRD
11 PARTY ADMINISTRATOR.

12 SEC. 3511. THE COMMISSION MAY EMPLOY WHATEVER MEANS ARE
13 REASONABLY NECESSARY TO CARRY OUT THE PURPOSES OF THIS CHAPTER
14 INCLUDING, BUT NOT LIMITED TO, SEEKING CLARIFICATION, AMENDMENT,
15 MODIFICATION, SUSPENSION, OR TERMINATION OF AN AGREEMENT OR CON-
16 TRACT THAT IN THE COMMISSION'S JUDGMENT REQUIRES THAT ACTION.

17 SEC. 3513. (1) THE COMMISSION SHALL REPORT ON ITS ACTIVI-
18 TIES SEMIANNUALLY TO THE JOINT COMMITTEE AND ANNUALLY TO THE
19 SENATE AND HOUSE OF REPRESENTATIVES STANDING COMMITTEES ON HEALTH
20 AND INSURANCE ISSUES ON HEALTH BENEFIT PLANS OFFERED UNDER THIS
21 CHAPTER, COSTS OF THOSE PLANS, NUMBER OF PARTICIPANTS IN THE
22 PLANS, NUMBER OF PARTICIPATING EMPLOYERS, NUMBER OF PARTICIPATING
23 CARRIERS, AND SUGGESTED CHANGES IN LAW.

24 (2) THE COMMISSION SHALL SUPPLY THE SENATE AND HOUSE OF REP-
25 RESENTATIVES STANDING COMMITTEES ON HEALTH AND INSURANCE ISSUES
26 WITH DATA OBTAINED BY THE COMMISSION IN IMPLEMENTING THIS
27 CHAPTER.

1 SEC. 3515. (1) THE MONTHLY CONTRIBUTION OF EACH ELIGIBLE
2 EMPLOYEE FOR HEALTH BENEFIT PLAN COVERAGE SHALL BE THE TOTAL COST
3 PER MONTH OF THE BENEFIT COVERAGE AFFORDED UNDER THE HEALTH BENE-
4 FIT PLAN OR PLANS FOR WHICH THE EMPLOYEE EXERCISES THE OPTION,
5 INCLUDING ADMINISTRATIVE EXPENSES, LESS THE PORTION CONTRIBUTED
6 BY THE EMPLOYER AND LESS THE PORTION CONTRIBUTED BY THE FUND, IF
7 ANY, AS DETERMINED BY THE COMMISSION. AN ELIGIBLE EMPLOYEE MAY
8 ENROLL IN MORE THAN 1 OPTION AT A TIME SO LONG AS THE COMBINED
9 OPTIONS DO NOT DUPLICATE BENEFITS.

10 (2) THE EMPLOYER CONTRIBUTION SHALL BE THE AMOUNT NECESSARY
11 TO PAY THE COST OF THE HEALTH BENEFIT PLAN COVERING THE
12 EMPLOYER'S COVERED EMPLOYEES, AS DESCRIBED IN SECTION 3517, AND
13 OTHER HEALTH BENEFIT PLANS SELECTED BY A COVERED EMPLOYEE FOR
14 WHICH THE EMPLOYER DOES NOT REQUIRE THE EMPLOYEE TO PAY, INCLUD-
15 ING THE ADMINISTRATIVE EXPENSES. AN EMPLOYER IS NOT REQUIRED TO
16 ENROLL AN EMPLOYEE WHO IS ALREADY ENROLLED IN A HEALTH BENEFIT
17 PLAN NOT OFFERED BY THE COMMISSION.

18 (3) PAYROLL DEDUCTIONS FOR COSTS THAT ARE NOT PAYABLE BY THE
19 EMPLOYER SHALL BE MADE BY THE EMPLOYER UPON RECEIPT OF A SIGNED
20 AUTHORIZATION FROM THE EMPLOYEE INDICATING AN ELECTION TO PARTIC-
21 IPATE IN THE HEALTH BENEFIT PLAN COVERING THE EMPLOYEE OR THE
22 EMPLOYEE'S IMMEDIATE FAMILY.

23 SEC. 3517. AN ELIGIBLE EMPLOYER MAY ELECT TO COVER FEWER
24 THAN THE TOTAL NUMBER OF ELIGIBLE EMPLOYEES SO LONG AS ITS COV-
25 ERED CLASS OF EMPLOYEES INCLUDES ALL EMPLOYEES IN THE CLASS. A
26 HEALTH BENEFIT PLAN SHALL NOT LIMIT OR EXCLUDE ANY ELIGIBLE
27 EMPLOYEE IN A COVERED CLASS OF EMPLOYEES.

1 SEC. 3519. THE MONTHLY CONTRIBUTION OF EACH UNINSURED
2 PERSON AND HIS OR HER FAMILY SHALL BE THE TOTAL COST PER MONTH OF
3 THE BENEFIT COVERAGE AFFORDED UNDER THE HEALTH BENEFIT PLAN OR
4 PLANS FOR WHICH THE UNINSURED PERSON EXERCISES THE OPTION,
5 INCLUDING ADMINISTRATIVE EXPENSES, LESS THE PORTION CONTRIBUTED
6 BY THE FUND, IF ANY, AS DETERMINED BY THE COMMISSION. AN UNIN-
7 SURED PERSON MAY ENROLL IN MORE THAN 1 OPTION AT A TIME SO LONG
8 AS THE COMBINED OPTIONS DO NOT DUPLICATE BENEFITS.

9 SEC. 3521. (1) A HEALTH BENEFIT PLAN SHALL PROVIDE PART I
10 COVERAGE AND SHALL APPLY TO ELIGIBLE COVERED EMPLOYEES, EMPLOY-
11 ERS, AND UNINSURED PERSONS.

12 (2) ANY PLAN APPROVED BY THE COMMISSION SHALL HAVE A STOP
13 LOSS TO ENSURE THAT NO COVERED PERSON IS REQUIRED TO PAY THE
14 COSTS OF A MAJOR ACCIDENT OR ILLNESS, BEYOND THE COSTS OF THE
15 DEDUCTIBLE AND OTHER REASONABLE COST-SHARING REQUIREMENTS AND
16 THAT PART I COVERAGE CAN BE OBTAINED AT A LOW ENOUGH COST TO
17 INSURE ACCESSIBILITY.

18 (3) SUBJECT TO SUBSECTION (4), ELIGIBLE EMPLOYERS SHALL PAY
19 THE PREMIUM OF PART I COVERAGE UP TO A MAXIMUM OF \$40.00 FOR EACH
20 ELIGIBLE COVERED EMPLOYEE PER MONTH.

21 (4) ALL COVERED ELIGIBLE EMPLOYEES SHALL PARTICIPATE IN AND
22 BE COVERED BY AT LEAST PART I COVERAGE. AN EMPLOYER MAY REQUIRE
23 A MINIMUM EMPLOYEE-CONTRIBUTION OF NOT-TO EXCEED 25% OF THE PRE-
24 MIUM OR \$15.00, WHICHEVER IS THE LESSER, FOR ONLY PART I COVERAGE
25 DESCRIBED IN THIS SECTION.

26 (5) PART I COVERAGE SHALL INCLUDE THOSE MEDICAL SERVICES
27-RECOMMENDED BY THE COMMISSION.

1 (6) THE AMOUNTS SPECIFIED IN THIS SECTION APPLY ONLY TO
2 THOSE EMPLOYERS WHO QUALIFY FOR TAX CREDITS UNDER SECTION 39B OF
3 THE SINGLE BUSINESS TAX ACT, ACT NO. 228 OF THE PUBLIC ACTS OF
4 1975, BEING SECTION 208.39B OF THE MICHIGAN COMPILED LAWS.

5 SEC. 3523. (1) A HEALTH BENEFIT PLAN SHALL OFFER PART II
6 COVERAGE. PART II COVERAGE SHALL CONSIST OF A VARIETY OF ADDI-
7 TIONAL HEALTH BENEFIT PLAN PACKAGES THAT AN ELIGIBLE EMPLOYEE OR
8 A PARTICIPANT IN A COMMISSION APPROVED PLAN MAY PURCHASE. ALL
9 PACKAGES SHALL CONTAIN INCENTIVES TO ENCOURAGE THE COVERED
10 EMPLOYEE OR THE PARTICIPANT IN A COMMISSION APPROVED PLAN TO
11 INTELLIGENTLY USE COST EFFECTIVE BENEFITS AND DISINCENTIVES TO
12 DISCOURAGE USE OF NONCOST EFFECTIVE BENEFITS.

13 (2) AT LEAST 1 PART II COVERAGE PACKAGE SHALL REDUCE THE
14 DEDUCTIBLE OF THE PART I COVERAGE AND PROVIDE FOR ACCESS TO PRI-
15 MARY AND PREVENTIVE CARE. ADDITIONAL BENEFIT PACKAGES MAY
16 INCLUDE COVERAGE FOR OPTICAL AND DENTAL CARE.

17 (3) PACKAGES SHALL BE AVAILABLE TO EXTEND COVERAGE TO AN
18 ELIGIBLE EMPLOYEE, A PARTICIPANT IN A COMMISSION APPROVED PLAN,
19 OR THEIR FAMILY MEMBERS.

20 (4) IN GENERAL, A PART II COVERAGE PACKAGE SHALL NOT PROVIDE
21 BENEFITS PROVIDED BY PART I COVERAGE. ELIGIBLE EMPLOYERS MAY
22 CONTRIBUTE TOWARD THE COST OF PART II COVERAGE AND MAY INCLUDE
23 THE COST OF PART II CONTRIBUTIONS WHEN CALCULATING TAX CREDITS
24 AVAILABLE UNDER SECTION 39B OF THE SINGLE BUSINESS TAX ACT, ACT
25 NO. 228 OF THE PUBLIC ACTS OF 1975, BEING SECTION 208.39B OF THE
26 MICHIGAN COMPILED LAWS.

1 (5) THE COMMISSION MAY ESTABLISH BY RULE THAT CERTAIN
2 PACKAGES ARE NOT AVAILABLE TO AN ELIGIBLE EMPLOYEE WHO IS NOT
3 COVERED BY A CERTAIN OTHER PACKAGE OR PACKAGES.

4 SEC. 3525. (1) THE HEALTH BENEFIT PLAN FUND IS CREATED
5 WITHIN THE STATE TREASURY.

6 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS
7 FROM ANY SOURCE FOR DEPOSIT INTO THE FUND. THE STATE TREASURER
8 SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE TREASURER
9 SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND
10 INVESTMENTS.

11 (3) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL
12 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

13 (4) THE COMMISSION SHALL EXPEND MONEY FROM THE FUND, UPON
14 APPROPRIATION, ONLY FOR 1 OR MORE OF THE FOLLOWING PURPOSES:

15 (A) TO ASSIST IN LOWERING AN EMPLOYEES'S MONTHLY CONTRIBU-
16 TION FOR A HEALTH BENEFIT PLAN UNDER THIS CHAPTER.

17 (B) TO ASSIST IN LOWERING AN UNINSURED PERSON'S MONTHLY CON-
18 TRIBUTION FOR A HEALTH BENEFIT PLAN UNDER THIS CHAPTER.

19 Section 2. This amendatory act shall not take effect unless
20 Senate Bill No. ____ or House Bill No. 6139 (request
21 no. 01369'91) of the 86th Legislature is enacted into law.