

HOUSE BILL No. 6158

September 30, 1992, Introduced by Reps. Owen, Yokich, Perry Bullard, Walberg, Profit, Gubow and Wallace and referred to the Committee on Insurance.

A bill to amend 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, by adding section 235.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 218 of the Public Acts of 1956, as
2 amended, being sections 500.100 to 500.8302 of the Michigan
3 Compiled Laws, is amended by adding section 235 to read as
4 follows:

5 SEC. 235. THE COMMISSIONER SHALL PREPARE FOR DISTRIBUTION
6 TO THE DEPARTMENT OF PUBLIC HEALTH AND TO THE PUBLIC UPON REQUEST
7 A NOTICE CONTAINING THE FOLLOWING INFORMATION ABOUT SELF-FUNDED
8 HEALTH INSURANCE PLANS:

1 "IF YOUR HEALTH CARE COVERAGE IS PROVIDED BY YOUR
2 EMPLOYERS, YOU SHOULD ASK FOR THE FOLLOWING INFORMATION:

3 (A) IS YOUR PLAN SELF-FUNDED; THAT IS, IS YOUR
4 EMPLOYER FUNDING PAYMENT OF YOUR HEALTH CLAIMS AS OPPOSED
5 TO PROVIDING YOU WITH INSURANCE COVERAGE FOR THESE CLAIMS?

6 (B) IF YOUR PLAN IS SELF-FUNDED, IS IT A PART OF A
7 MULTIPLE EMPLOYER WELFARE ARRANGEMENT OR IS IT A SINGLE
8 EMPLOYER PLAN?

9 (C) ASK YOUR EMPLOYER TO DISCLOSE THE MANNER IN WHICH
10 IT HAS RESERVED MONEY TO COVER THE COSTS OF YOUR PLAN AND
11 THE AMOUNT OF MONEY THAT HAS BEEN PLACED IN RESERVE. YOU
12 SHOULD ALSO INQUIRE ABOUT THE LEVEL AND AMOUNT OF STOP-LOSS
13 AND REINSURANCE CARRIED BY YOUR PLAN. (STOP-LOSS OR REIN-
14 SURANCE IS COVERAGE FOR VERY COSTLY OR CATASTROPHIC CLAIMS
15 THAT MAY OCCUR.) IF YOU HAVE QUESTIONS ABOUT THIS, CONTACT
16 THE PENSION AND WELFARE BENEFITS ADMINISTRATION OR THE
17 STATE INSURANCE COMMISSIONER.

18 IF YOUR HEALTH CARE COVERAGE IS SELF-FUNDED, YOU
19 SHOULD BE AWARE OF ALL OF THE FOLLOWING:

20 (A) IF YOUR PLAN IS SELF-FUNDED, YOU ARE NOT INSURED
21 AND THE STATE GUARANTY FUND IS NOT RESPONSIBLE FOR YOUR
22 CLAIMS IF YOUR PLAN BECOMES UNABLE TO PAY THEM. (THE STATE
23 GUARANTY FUND IS IN PLACE TO COVER THE CLAIMS OF INDIVIDU-
24 ALS WHOSE INSURERS BECOME UNABLE TO PAY THEM.)

25 (B) IF YOUR PLAN IS SELF-FUNDED, IT IS NOT REGULATED
26 BY THE STATE OF MICHIGAN AND IS NOT REQUIRED TO HAVE THE

1 SAME LEVEL OF RESERVES (MONEY SET ASIDE TO PAY CLAIMS) ON
2 HAND AS THAT REQUIRED FOR A LICENSED INSURER.

3 (C) YOU MAY BE REQUIRED TO PAY AN INCREASED CONTRIBU-
4 TION TO THE "PREMIUM" TO COVER THE COST OF YOUR SELF-FUNDED
5 PLAN OR, AT SOME POINT, YOU MAY BE REQUIRED TO PAY THE
6 ENTIRE COST OF YOUR PLAN.

7 (D) IF YOUR PLAN IS SELF-FUNDED, YOU ARE THE PARTY WHO
8 IS PRIMARILY RESPONSIBLE FOR THE COST OF YOUR HEALTH
9 CLAIMS. A SELF-FUNDED PLAN IS NOT HEALTH INSURANCE.

10 (E) TO LEARN ABOUT THE EXACT NATURE OF YOUR HEALTH
11 PLAN, CONTACT YOUR UNION REPRESENTATIVE, YOUR HEALTH BENE-
12 FITS PLAN ADMINISTRATOR, OR YOUR PERSONNEL DEPARTMENT. ASK
13 ABOUT YOUR RIGHTS AND RESPONSIBILITIES REGARDING YOUR
14 HEALTH BENEFITS PLAN.

15 (F) IT IS IMPORTANT THAT YOU KNOW WHERE YOU STAND WITH
16 YOUR HEALTH BENEFITS PLAN BEFORE YOU INCUR COSTS FOR YOUR
17 HEALTH CARE SERVICES. YOU HAVE THE RIGHT TO BE FULLY
18 INFORMED."