

SENATE BILL No. 413

July 11, 1991, Introduced by Senators MC MANUS, WARTNER, EHLERS, DE GROW, PRIDNIA, N. SMITH, EMMONS, CARL, HONIGMAN, CISKY AND DUNASKISS and referred to the Committee on Commerce.

A bill to amend sections 3406a, 3406b, 3406c, 3406d, 3406e, 3425, 3612, 3613, 3614, and 3615 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

sections 3406a and 3613 as added by Act No. 527 of the Public Acts of 1982, sections 3406b and 3614 as added by Act No. 280 of the Public Acts of 1984, sections 3406c and 3615 as added by Act No. 368 of the Public Acts of 1984, sections 3406d and 3406e as added by Act No. 59 of the Public Acts of 1989, section 3425 as added by Act No. 429 of the Public Acts of 1980, and section 3612 as added by Act No. 259 of the Public Acts of 1989, being sections 500.3406a, 500.3406b, 500.3406c, 500.3406d, 500.3406e, 500.3425, 500.3612, 500.3613, 500.3614, and 500.3615 of the Michigan Compiled Laws; and to add section 3406f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3406a, 3406b, 3406c, 3406d, 3406e,
2 3425, 3612, 3613, 3614, and 3615 of Act No. 218 of the Public
3 Acts of 1956, sections 3406a and 3613 as added by Act No. 527 of
4 the Public Acts of 1982, sections 3406b and 3614 as added by Act
5 No. 280 of the Public Acts of 1984, sections 3406c and 3615 as
6 added by Act No. 368 of the Public Acts of 1984, sections 3406d
7 and 3406e as added by Act No. 59 of the Public Acts of 1989, sec-
8 tion 3425 as added by Act No. 429 of the Public Acts of 1980, and
9 section 3612 as added by Act No. 259 of the Public Acts of 1989,
10 being sections 500.3406a, 500.3406b, 500.3406c, 500.3406d,
11 500.3406e, 500.3425, 500.3612, 500.3613, 500.3614, and 500.3615
12 of the Michigan Compiled Laws, are amended and section 3406f is
13 added to read as follows:

14 Sec. 3406a. ~~—A—~~ AN EXPENSE-INCURRED hospital, medical, or
15 surgical ~~—expense-incurred—~~ policy shall offer benefits for pros-
16 thetic devices to maintain or replace the body parts of an indi-
17 vidual who has undergone a mastectomy. This coverage shall pro-
18 vide that reasonable charges for medical care and attendance for
19 an individual who receives reconstructive surgery following a
20 mastectomy or who is fitted with a prosthetic device shall be
21 covered benefits after the individual's attending physician has
22 certified the medical necessity or desirability of a proposed
23 course of rehabilitative treatment. The cost and fitting of a
24 prosthetic device following a mastectomy is included within the
25 type of coverage intended by this section. THIS SECTION DOES NOT

1 APPLY TO A POLICY OR CERTIFICATE ISSUED PURSUANT TO
2 SECTION 3406F.

3 Sec. 3406b. A policy or certificate ~~which~~ THAT provides
4 coverage for mental health services shall provide coverage for
5 mental health services provided to an individual by a mental
6 health care provider operated by or under contract with the
7 department of mental health or a county community mental health
8 board in those instances when appropriate mental health services
9 cannot be delivered otherwise, or if the provider of the mental
10 health services is designated by an order of a court; provided
11 that the mental health provider meets the standards set by the
12 insurer for all other providers of the type. THIS SECTION DOES
13 NOT APPLY TO A POLICY OR CERTIFICATE ISSUED PURSUANT TO
14 SECTION 3406F.

15 Sec. 3406c. ~~(1)~~ An insurer shall offer to include cover-
16 age for hospice care in each EXPENSE-INCURRED hospital, medical,
17 or surgical ~~expense incurred~~ policy ~~which~~ THAT is issued or
18 renewed after ~~the effective date of this section and which~~
19 JANUARY 1, 1986 AND THAT provides coverage for inpatient hospital
20 care. As used in this section, "hospice" means hospice as
21 defined in section 20106 of the public health code, Act No. 368
22 of the Public Acts of 1978, being section 333.20106 of the
23 Michigan Compiled Laws. THIS SECTION DOES NOT APPLY TO A POLICY
24 OR CERTIFICATE ISSUED PURSUANT TO SECTION 3406F.

25 ~~(2) This section shall take effect January 1, 1986.~~

26 Sec. 3406d. (1) Subject to dollar limits, deductibles, and
27 coinsurance provisions that are not less favorable than those for

1 physical illness generally, an insurer ~~which~~ THAT delivers,
2 issues for delivery, or renews in this state ~~a~~ AN
3 EXPENSE-INCURRED hospital, medical, or surgical ~~expense~~
4 ~~incurred~~ policy shall offer or include coverage for breast
5 cancer diagnostic services, breast cancer outpatient treatment
6 services, and breast cancer rehabilitative services.

7 (2) Subject to dollar limits, deductibles, and coinsurance
8 provisions that are not less favorable than those for physical
9 illness generally, an insurer ~~which~~ THAT delivers, issues for
10 delivery, or renews in this state ~~a~~ AN EXPENSE-INCURRED hospi-
11 tal, medical, or surgical ~~expense incurred~~ policy shall offer
12 or include the following coverage for breast cancer screening
13 mammography:

14 (a) If performed on a woman 35 years of age or older and
15 under 40 years of age, coverage for 1 screening mammography exam-
16 ination during that 5-year period.

17 (b) If performed on a woman 40 years of age or older, cover-
18 age for 1 screening mammography examination every calendar year.

19 (3) As used in this section:

20 (a) "Breast cancer diagnostic services" means a procedure
21 intended to aid in the diagnosis of breast cancer, delivered on
22 an inpatient or outpatient basis, including but not limited to
23 mammography, surgical breast biopsy, and pathologic examination
24 and interpretation.

25 (b) "Breast cancer rehabilitative services" means a proce-
26 dure intended to improve the result of, or ameliorate the
27 debilitating consequences of, treatment of breast cancer,

1 delivered on an inpatient or outpatient basis, including but not
2 limited to reconstructive plastic surgery, physical therapy, and
3 psychological and social support services.

4 (c) "Breast cancer screening mammography" means a standard
5 2-view per breast, low-dose radiographic examination of the
6 breasts, using equipment designed and dedicated specifically for
7 mammography, in order to detect unsuspected breast cancer.

8 (d) "Breast cancer outpatient treatment services" means a
9 procedure intended to treat cancer of the human breast, delivered
10 on an outpatient basis, including but not limited to surgery,
11 radiation therapy, chemotherapy, hormonal therapy, and related
12 medical follow-up services.

13 (4) This section ~~shall take effect November 1, 1989~~ DOES
14 NOT APPLY TO A POLICY OR CERTIFICATE ISSUED PURSUANT TO
15 SECTION 3406F.

16 Sec. 3406e. (1) An insurer ~~which~~ THAT delivers, issues
17 for delivery, or renews in this state ~~a~~ AN EXPENSE-INCURRED
18 hospital, medical, or surgical ~~expense incurred~~ policy shall
19 provide coverage in each policy for a drug used in antineoplastic
20 therapy and the reasonable cost of its administration. Coverage
21 shall be provided for any federal food and drug administration
22 approved drug regardless of whether the specific neoplasm for
23 which the drug is being used as treatment is the specific neo-
24 plasm for which the drug has received approval by the federal
25 food and drug administration if all of the following conditions
26 are met:

1 (a) The drug is ordered by a physician for the treatment of
2 a specific type of neoplasm.

3 (b) The drug is approved by the federal food and drug admin-
4 istration for use in antineoplastic therapy.

5 (c) The drug is used as part of an antineoplastic drug
6 regimen.

7 (d) Current medical literature substantiates its efficacy
8 and recognized oncology organizations generally accept the
9 treatment.

10 (e) The physician has obtained informed consent from the
11 patient for the treatment regimen which includes federal food and
12 drug administration approved drugs for off-label indications.

13 (2) THIS SECTION DOES NOT APPLY TO A POLICY OR CERTIFICATE
14 ISSUED PURSUANT TO SECTION 3406F.

15 SEC. 3406F. AN INSURER MAY OFFER A BASIC HEALTH POLICY OR
16 CERTIFICATE SUBJECT TO ALL OF THE FOLLOWING:

17 (A) COSTS NOT MORE THAN \$75.00 PER MONTH FOR INDIVIDUAL COV-
18 ERAGE OR \$100.00 PER MONTH FOR FAMILY COVERAGE. THIS MONTHLY FEE
19 SHALL BE ADJUSTED EACH YEAR PURSUANT TO THE ANNUAL AVERAGE PER-
20 CENTAGE INCREASE OR DECREASE IN THE MEDICAL CONSUMER PRICE
21 INDEX. THE ADJUSTMENT SHALL BE MADE BY MULTIPLYING THE ANNUAL
22 AVERAGE PERCENTAGE INCREASE OR DECREASE IN THE MEDICAL CONSUMER
23 PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR BY THE
24 CURRENT MONTHLY FEE AS PREVIOUSLY ADJUSTED BY THIS SUBDIVISION.
25 THE RESULTANT PRODUCT SHALL BE ADDED TO THE MONTHLY FEE AS PREVI-
26 OUSLY ADJUSTED BY THIS SUBDIVISION AND THEN ROUNDED OFF TO THE
27 NEAREST WHOLE NUMBER, WHICH SHALL BE THE NEW MONTHLY FEE FOR THE

1 CURRENT YEAR. AS USED IN THIS SUBDIVISION, "MEDICAL CONSUMER
2 PRICE INDEX" MEANS THE ANNUAL AVERAGE PERCENTAGE INCREASE IN THE
3 MEDICAL CONSUMER PRICE INDEX FOR ALL ITEMS FOR THE PRIOR 12-MONTH
4 PERIOD AS REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR,
5 BUREAU OF LABOR AND STATISTICS AND AS CERTIFIED BY THE
6 COMMISSIONER.

7 (B) HAS BEEN APPROVED BY THE COMMISSIONER AND CONTAINS COV-
8 ERAGE FOR INPATIENT CARE, DOCTOR OFFICE VISITS, MATERNITY CARE,
9 WELL-CHILD CARE, EMERGENCY MEDICAL AND ACCIDENT CARE IN A
10 DOCTOR'S OFFICE OR HOSPITAL EMERGENCY ROOM, MEDICALLY NECESSARY
11 DIAGNOSTIC TESTS, AND MEDICALLY NECESSARY SURGERY AND
12 ANESTHESIA.

13 (C) IF OFFERED TO AN EMPLOYER FOR HIS OR HER EMPLOYEES, DOES
14 NOT LIMIT OR EXCLUDE ANY EMPLOYEE IN A COVERED CLASS OF
15 EMPLOYEES.

16 Sec. 3425. (1) Each insurer offering health insurance poli-
17 cies in this state shall provide coverage for intermediate and
18 outpatient care for substance abuse, upon issuance or renewal, in
19 all contracts for, group and individual EXPENSE-INCURRED hospi-
20 tal, medical, OR surgical ~~expense-incurred~~ health insurance
21 policies other than limited classification policies OR POLICIES
22 OR CERTIFICATES ISSUED PURSUANT TO SECTION 3406F.

23 (2) ~~In the case of~~ FOR group health insurance policies, if
24 the premium for a group health insurance policy would be
25 increased by 3% or more because of the provision of the coverage
26 required under subsection (1), the master policyholder shall have
27 the option to decline the coverage required to be provided under

1 subsection (1). ~~In the case of~~ FOR individual health insurance
2 policies, if the total premium for all individual health insur-
3 ance policies of an insurer would be increased by 3% or more
4 because of the provision of the coverage required under subsec-
5 tion (1) in all of those policies, the named insured of each such
6 policy shall have the option to decline the coverage required to
7 be provided under subsection (1).

8 (3) Charges, terms, and conditions for the coverage required
9 to be provided under subsection (1) shall not be less favorable
10 than the maximum prescribed for any other comparable service.

11 (4) The coverage required to be provided under subsection
12 (1) shall not be reduced by terms or conditions ~~which~~ THAT
13 apply to other items of coverage in a health insurance policy,
14 group or individual. This subsection shall not be construed to
15 prohibit health insurance policies that provide for deductibles
16 and copayment provisions for coverage for intermediate and outpa-
17 tient care for substance abuse.

18 (5) The coverage required to be provided under subsection
19 (1) shall, at a minimum, provide for up to \$1,500.00 in benefits
20 for intermediate and outpatient care for substance abuse per
21 individual per year. This minimum shall be adjusted annually by
22 March 31 each year in accordance with the annual average percen-
23 tage increase or decrease in the United States consumer price
24 index for the 12-month period ending the preceding December 31.

25 (6) As used in this section:

26 (a) "Health insurance policy" means ~~a~~ AN EXPENSE-INCURRED
27 hospital, medical, or surgical ~~expense-incurred~~ policy.

1 (b) "Intermediate care" means the use, in a full 24-hour
2 residential therapy setting, or in a partial, less than 24-hour,
3 residential therapy setting, of any or all of the following ther-
4 apeutic techniques, as identified in a treatment plan for indi-
5 viduals physiologically or psychologically dependent upon or
6 abusing alcohol or drugs:

7 (i) Chemotherapy.

8 (ii) Counseling.

9 (iii) Detoxification services.

10 (iv) Other ancillary services, such as medical testing,
11 diagnostic evaluation, and referral to other services identified
12 in a treatment plan.

13 (c) "Limited classification policy" means an accident only
14 policy, a limited accident policy, a travel accident policy, or a
15 specified disease policy.

16 (d) "Outpatient care" means the use, on both a scheduled and
17 a nonscheduled basis, of any or all of the following therapeutic
18 techniques, as identified in a treatment plan for individuals
19 physiologically or psychologically dependent upon or abusing
20 alcohol or drugs:

21 (i) Chemotherapy.

22 (ii) Counseling.

23 (iii) Detoxification services.

24 (iv) Other ancillary services, such as medical testing,
25 diagnostic evaluation, and referral to other services identified
26 in a treatment plan.

1 (e) "Substance abuse" means that term as defined in section
2 6107 of Act No. 368 of the Public Acts of 1978, being section
3 333.6107 of the Michigan Compiled Laws.

4 ~~(7) This section shall take effect January 1, 1982.~~

5 Sec. 3612. (1) An expense-incurred hospital, medical, sur-
6 gical, or sick-care group disability insurance policy issued or
7 renewed in this state after December 31, 1990, shall include pro-
8 visions consistent with this section.

9 (2) If an individual member has been continuously covered
10 under a group policy for at least 3 months immediately prior to
11 termination, the individual member and his or her covered spouse
12 and dependents may elect coverage under an individual conversion
13 policy upon termination. As used in this section, termination
14 includes, but is not limited to, the following:

15 (a) Discontinuance of a group policy in its entirety or with
16 respect to an insured class.

17 (b) Loss of expense-incurred hospital, medical, surgical, or
18 sick-care insurance coverage due to voluntary or involuntary ter-
19 mination of employment except for termination of employment
20 because of gross misconduct.

21 (c) For a surviving spouse or dependent, death of an indi-
22 vidual member covered under a group policy.

23 (d) An event that causes a person, who is a spouse or depen-
24 dent of an individual member at the time of the event, to cease
25 to be a qualified family member under a group policy.

1 (3) Coverage under an individual conversion policy shall
2 take effect immediately upon the termination of coverage under
3 the group policy.

4 (4) Notification of the conversion privilege shall be
5 included in each policy and certificate of coverage.

6 (5) A group policyholder shall give written notice to an
7 individual member of the option to elect an individual conversion
8 policy within 14 days after the occurrence of subsection (2)(a)
9 or (b).

10 (6) An individual member shall notify the insurer of his or
11 her election to convert to an individual conversion policy not
12 later than 30 days after termination of coverage. The first pre-
13 mium shall be paid to the insurer at the time the individual
14 elects to convert to an individual conversion policy.

15 (7) An individual conversion policy under this section:

16 (a) Shall be issued without evidence of insurability.

17 (b) Shall not use conditions pertaining to health as a basis
18 for classification.

19 (c) Shall not exclude a preexisting condition that is not
20 excluded by the group policy solely because it is a preexisting
21 condition.

22 (d) May provide that benefits may be reduced by the amount
23 of benefits paid for a specific covered service pursuant to the
24 group policy or certificate that has been terminated.

25 (8) The premium for an individual conversion policy under
26 this section shall be determined using the aggregate experience
27 for all such policies issued in this state by the insurer and in

1 accordance with premium rates applicable to the age, class of
2 risk, and the type and amount of coverage provided. The
3 experience of an individual under an individual conversion policy
4 shall not be an acceptable basis for establishing that
5 individual's rate for his or her converted policy.

6 (9) An insurer is not required to issue an individual con-
7 version policy under this section if any of the following circum-
8 stances apply:

9 (a) The individual is covered for similar benefits and to a
10 similar extent by another expense-incurred hospital, medical,
11 surgical, or sick-care insurance policy or certificate, hospital
12 or medical service subscriber contract, medical practice or other
13 prepayment plan, or other expense-incurred plan or program.

14 (b) The individual is covered under title XVIII of the
15 social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1395 to
16 1395b, 1395b-2, 1395c to 1395i, ~~1395i-1a to 1395i-3, 1395j to~~
17 ~~1395dd, 1395ff to 1395mm, and 1395oo to 1395eee~~ 1395i-2 TO
18 1395i-4, 1395j TO 1395t, 1395u TO 1395w-2, 1395w-4 TO 1395dd,
19 1395ff TO 1395yy, AND 1395bbb TO 1395ccc.

20 (c) If termination of an individual's coverage under a group
21 policy occurred because of any of the following:

22 (i) The individual failed to pay any required contribution.

23 (ii) Discontinued group coverage was replaced by group
24 coverage.

25 (iii) The individual acted to defraud the insurer.

1 (D) THE INDIVIDUAL WAS COVERED IMMEDIATELY PRIOR TO
2 TERMINATION BY A POLICY OR CERTIFICATE ISSUED PURSUANT TO
3 SECTION 3406F.

4 (10) An individual conversion policy under this section
5 delivered outside this state for a group policy that was issued
6 and delivered in this state shall comply with this section.

7 Sec. 3613. ~~A~~ AN EXPENSE-INCURRED group hospital, medical,
8 or surgical ~~expense-incurred~~ policy OR CERTIFICATE shall pro-
9 vide benefits for prosthetic devices to maintain or replace the
10 body parts of an individual who has undergone a mastectomy. This
11 coverage shall provide that reasonable charges for medical care
12 and attendance for an individual who receives reconstructive sur-
13 gery following a mastectomy or who is fitted with a prosthetic
14 device shall be covered benefits after the individual's attending
15 physician has certified the medical necessity or desirability of
16 a proposed course of rehabilitative treatment. The cost and fit-
17 ting of a prosthetic device following a mastectomy is included
18 within the type of coverage intended by this section. THIS SEC-
19 TION DOES NOT APPLY TO A POLICY OR CERTIFICATE ISSUED PURSUANT TO
20 SECTION 3406F.

21 Sec. 3614. A policy or certificate ~~which~~ THAT provides
22 coverage for mental health services shall provide coverage for
23 mental health services provided to an individual by a mental
24 health care provider operated by or under contract with the
25 department of mental health or a county community mental health
26 board in those instances when appropriate mental health services
27 cannot be delivered otherwise, or if the provider of the mental

1 health services is designated by an order of a court; provided
2 that the mental health provider meets the standards set by the
3 insurer for all other providers of the type. THIS SECTION DOES
4 NOT APPLY TO A POLICY OR CERTIFICATE ISSUED PURSUANT TO
5 SECTION 3406F.

6 Sec. 3615. ~~-(1)-~~ An insurer shall offer to include coverage
7 for hospice care in each EXPENSE-INCURRED group hospital, medi-
8 cal, or surgical ~~expense incurred~~ policy ~~which~~ THAT is issued
9 or renewed after ~~the effective date of this section and which~~
10 JANUARY 1, 1986 AND THAT provides coverage for inpatient hospital
11 care. As used in this section, "hospice" means hospice as
12 defined in section 20106 of the public health code, Act No. 368
13 of the Public Acts of 1978, being section 333.20106 of the
14 Michigan Compiled Laws. THIS SECTION DOES NOT APPLY TO A POLICY
15 OR CERTIFICATE ISSUED PURSUANT TO SECTION 3406F.

16 ~~-(2)- This section shall take effect January 1, 1986.~~

17 Section 2. This amendatory act shall take effect October 1,
18 1992.