



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 1023 (as enrolled)  
Sponsor: Senator Michael J. Bouchard  
Committee: Financial Services

Date Completed: 5-21-96

### CONTENT

**The bill would amend the Coordination of Benefits Act to revise the priorities for coordinating the benefits of a group disability benefit plan with another policy or certificate that also had coordination of benefits, if the covered person were a Medicare beneficiary or had coverage provided under a right of continuation.**

The Act provides that any policy or certificate delivered or issued for delivery in Michigan in connection with a group disability benefit plan may contain provisions coordinating the benefits or services that otherwise would be provided to a covered person. The Act specifies that a policy or certificate containing a coordination of benefits provision must provide that the benefits will be payable as outlined in the Act when coordinating with another policy.

#### Medicare Beneficiary

Under the Act, the benefits of a policy or certificate that covers a person on whose expenses a claim is based, other than as a dependent, have to be determined before the benefits of a policy or certificate that covers the person as a dependent. The bill specifies, however, that if the person were a Medicare beneficiary and, as a result of the provisions of Title XVIII of the Social Security Act, Medicare were secondary to the policy or certificate covering the person as a dependent and primary to the policy or certificate covering the person as other than a dependent, the order of benefits would have to be reversed. In this case, the policy or certificate covering the person as a dependent would be primary and the policy or certificate covering the person as other than a dependent would be secondary.

#### Right of Continuation

The bill specifies that, if a person whose coverage was provided under a right of continuation pursuant to Federal or State law also were covered under another policy or certificate, the policy or certificate covering the person as an employee, member, subscriber, enrollee, or retiree, or as that person's dependent, would be primary and the continuation coverage would be secondary. "Continuation coverage" refers to group coverage purchased by a person for a period of time after he or she is no longer a member of the group (e.g., an individual who purchases continued coverage under an employer-provided insurance plan after severing employment).

MCL 550.253

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

Section 3(1)(a) would codify in State law, the Federal requirement that Medicare is always a secondary payer to other health insurance policies (Soc. Sec. Act 51862(b)(4)).

Section 3(1)(e) would clarify that continuation health care coverage (commonly known as COBRA coverage) will always be a secondary payer to any other policy (except Medicare and Medicaid) covering that individual.

Fiscal Analyst: J. Walker