



HOUSE BILL No. 4768

May 2, 1995, Introduced by Reps. LaForge, Cherry, Martinez, Baird, Wetters, Pitoniak, Anthony, DeHart, Kelly, Hanley, Brater, Berman, Gire, Agee and Harder 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 sections 3406f, 3406g, 3406h, 3406i, and
3406j.

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 sections 3406f, 3406g, 3406h,
4 3406i, and 3406j to read as follows:

5 SEC. 3406F. AN INSURER THAT DELIVERS, ISSUES FOR DELIVERY,
6 OR RENEWS IN THIS STATE AN EXPENSE-INCURRED HOSPITAL, MEDICAL, OR
7 SURGICAL POLICY OR CERTIFICATE SHALL OFFER TO PROVIDE COVERAGE TO
8 AN INSURED'S CHILD UNDER THE INSURED'S POLICY OR CERTIFICATE

1 UNTIL DECEMBER 31 OF THE CALENDAR YEAR IN WHICH THE CHILD BECOMES
2 25 YEARS OF AGE REGARDLESS OF WHETHER OR NOT THE CHILD IS CONSID-
3 ERED A DEPENDENT UNDER SECTION 152 OF THE INTERNAL REVENUE CODE
4 OF 1986, 26 U.S.C. 152, IF ALL OF THE FOLLOWING ARE MET:

5 (A) THE CHILD IS A CHILD BY BIRTH OR ADOPTION OF THE
6 INSURED.

7 (B) THE CHILD IS ENROLLED AS A FULL-TIME STUDENT.

8 (C) THE CHILD IS UNMARRIED.

9 SEC. 3406G. AN INSURER THAT DELIVERS, ISSUES FOR DELIVERY,
10 OR RENEWS IN THIS STATE AN EXPENSE-INCURRED HOSPITAL, MEDICAL, OR
11 SURGICAL POLICY OR CERTIFICATE THAT OFFERS DEPENDENT COVERAGE
12 SHALL NOT DENY ENROLLMENT TO AN INSURED'S CHILD ON ANY OF THE
13 FOLLOWING GROUNDS:

14 (A) THE CHILD WAS BORN OUT OF WEDLOCK.

15 (B) THE CHILD IS NOT CLAIMED AS A DEPENDENT ON THE INSURED'S
16 FEDERAL INCOME TAX RETURN.

17 (C) THE CHILD DOES NOT RESIDE WITH THE INSURED OR IN THE
18 INSURER'S SERVICE AREA.

19 SEC. 3406H. (1) IF A PARENT IS REQUIRED BY A COURT OR
20 ADMINISTRATIVE ORDER TO PROVIDE HEALTH COVERAGE FOR A CHILD AND
21 THE PARENT IS ELIGIBLE FOR DEPENDENT COVERAGE THROUGH AN INSURER,
22 THE INSURER SHALL:

23 (A) PERMIT THE PARENT OR LEGAL CUSTODIAN TO ENROLL, UNDER
24 THE DEPENDENT COVERAGE, A CHILD WHO IS OTHERWISE ELIGIBLE FOR
25 COVERAGE WITHOUT REGARD TO ANY ENROLLMENT SEASON RESTRICTIONS.

26 (B) IF THE PARENT IS ENROLLED BUT FAILS TO MAKE APPLICATION
27 TO OBTAIN COVERAGE FOR THE CHILD, ENROLL THE CHILD UNDER

1 DEPENDENT COVERAGE UPON APPLICATION BY THE CHILD'S OTHER PARENT
2 OR LEGAL CUSTODIAN OR BY THE FRIEND OF THE COURT PURSUANT TO THE
3 SUPPORT AND VISITATION ENFORCEMENT ACT, ACT NO. 295 OF THE PUBLIC
4 ACTS OF 1982, BEING SECTIONS 552.601 TO 552.650 OF THE MICHIGAN
5 COMPILED LAWS.

6 (C) NOTIFY THE CHILD'S OTHER PARENT OR LEGAL CUSTODIAN AND
7 THE FRIEND OF THE COURT OF THE EFFECTIVE DATE OF THE CHILD'S COV-
8 ERAGE, THE NAME OF THE INSURER, THE NAME OF THE POLICYHOLDER AND
9 CERTIFICATE HOLDER, AND THE POLICY NUMBER.

10 (D) NOT ELIMINATE THE CHILD'S COVERAGE UNLESS PREMIUMS HAVE
11 NOT BEEN PAID PURSUANT TO THE POLICY OR CERTIFICATE OR THE
12 INSURER IS PROVIDED WITH SATISFACTORY WRITTEN EVIDENCE OF EITHER
13 OF THE FOLLOWING:

14 (i) THE COURT OR ADMINISTRATIVE ORDER IS NO LONGER IN
15 EFFECT.

16 (ii) THE CHILD IS OR WILL BE ENROLLED IN COMPARABLE HEALTH
17 COVERAGE THROUGH ANOTHER INSURER, HEALTH CARE CORPORATION, HEALTH
18 MAINTENANCE ORGANIZATION, OR SELF-FUNDED HEALTH PLAN THAT WILL
19 TAKE EFFECT NOT LATER THAN THE EFFECTIVE DATE OF THE CANCELLATION
20 OF THE EXISTING COVERAGE.

21 (2) AN INSURER SHALL NOTIFY THE FRIEND OF THE COURT IF
22 HEALTH COVERAGE TO THE CHILD IS ELIMINATED FOR ANY REASON OTHER
23 THAN BECAUSE THE COURT OR ADMINISTRATIVE ORDER REQUIRING COVERAGE
24 IS NO LONGER IN EFFECT.

25 (3) IF A CHILD HAS HEALTH COVERAGE THROUGH AN INSURER OF A
26 NONCUSTODIAL PARENT, THE INSURER SHALL DO ALL OF THE FOLLOWING:

1 (A) PROVIDE THE CUSTODIAL PARENT OR LEGAL CUSTODIAN WITH
2 INFORMATION AS MAY BE NECESSARY FOR THE CHILD TO OBTAIN BENEFITS
3 THROUGH THAT COVERAGE.

4 (B) PERMIT THE CUSTODIAL PARENT OR LEGAL CUSTODIAN OR, WITH
5 THE CUSTODIAL PARENT'S OR LEGAL CUSTODIAN'S APPROVAL, THE HEALTH
6 CARE PROVIDER TO SUBMIT CLAIMS FOR COVERED SERVICES WITHOUT THE
7 NONCUSTODIAL PARENT'S APPROVAL.

8 (C) MAKE PAYMENT ON CLAIMS SUBMITTED PURSUANT TO
9 SUBDIVISION (B) DIRECTLY TO THE CUSTODIAL PARENT, LEGAL CUSTODI-
10 AN, OR HEALTH CARE PROVIDER.

11 (4) THIS SECTION APPLIES ONLY IF A PARENT IS REQUIRED BY A
12 COURT OR ADMINISTRATIVE ORDER TO PROVIDE HEALTH COVERAGE FOR A
13 CHILD AND THE INSURER IS NOTIFIED OF THAT COURT OR ADMINISTRATIVE
14 ORDER.

15 SEC. 3406I. IF REQUESTED PURSUANT TO THE FRIEND OF THE
16 COURT ACT, ACT NO. 294 OF THE PUBLIC ACTS OF 1982, BEING SECTIONS
17 552.501 TO 552.535 OF THE MICHIGAN COMPILED LAWS, AN INSURER
18 SHALL PROVIDE INFORMATION TO THE FRIEND OF THE COURT ABOUT A
19 POLICY'S OR CERTIFICATE'S VARIOUS BENEFITS AND OPTIONS, ALONG
20 WITH THEIR COSTS, THAT ARE AVAILABLE TO A CHILD.

21 SEC. 3406J. (1) AN INSURER SHALL NOT CONSIDER WHETHER AN
22 INDIVIDUAL IS ELIGIBLE FOR OR HAS AVAILABLE MEDICAL ASSISTANCE
23 UNDER TITLE XIX OF THE SOCIAL SECURITY ACT, CHAPTER 531, 49
24 STAT. 620, 42 U.S.C. 1396 TO 1396g AND 1396i TO 1396v IN THIS OR
25 ANOTHER STATE WHEN CONSIDERING ELIGIBILITY FOR COVERAGE OR MAKING
26 PAYMENTS UNDER ITS HEALTH PLAN FOR ELIGIBLE INSURED.

1 (2) IF AN INSURER HAS A LEGAL LIABILITY TO MAKE PAYMENTS,
2 AND PAYMENT FOR COVERED EXPENSES FOR HEALTH CARE ITEMS OR
3 SERVICES FURNISHED TO AN INDIVIDUAL HAS BEEN MADE UNDER THE MEDI-
4 CAL ASSISTANCE PROGRAM ESTABLISHED PURSUANT TO SECTION 105 OF THE
5 SOCIAL WELFARE ACT, ACT NO. 280 OF THE PUBLIC ACTS OF 1939, BEING
6 SECTION 400.105 OF THE MICHIGAN COMPILED LAWS, THE DEPARTMENT OF
7 SOCIAL SERVICES HAS THE RIGHTS OF THE INDIVIDUAL TO PAYMENT BY
8 THE INSURER TO THE EXTENT PAYMENT WAS MADE BY THE DEPARTMENT OF
9 SOCIAL SERVICES FOR THOSE HEALTH CARE ITEMS OR SERVICES.

10 (3) AN INSURER SHALL NOT IMPOSE REQUIREMENTS ON THE DEPART-
11 MENT OF SOCIAL SERVICES, WHICH HAS BEEN ASSIGNED THE RIGHTS OF AN
12 INSURED ELIGIBLE FOR MEDICAL ASSISTANCE UNDER SECTION 105 OF ACT
13 NO. 280 OF THE PUBLIC ACTS OF 1939, AND COVERED BY THE INSURER,
14 THAT ARE DIFFERENT FROM REQUIREMENTS THAT APPLY TO AN AGENT OR
15 ASSIGNEE OF ANY OTHER COVERED INSURED.