



SENATE BILL No. 712

September 28, 1995, Introduced by Senators HONIGMAN, SHUGARS, SCHWARZ, GOUGEON, STEIL, MC MANUS, EMMONS, KOIVISTO, BYRUM, O'BRIEN, STALLINGS and CARL and referred to the Committee on Health Policy and Senior Citizens.

A bill to regulate certain group health plans; to provide for certain powers and duties for certain persons; and to prescribe penalties.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "group health plan act".

3 Sec. 3. As used in this act, "plan" means a group health
4 plan as defined in section 607 of part 6 of subtitle B of title 1
5 of the employee retirement income security act of 1974, Public
6 Law 93-406, 29 U.S.C. 1167, and subject to that act.

7 Sec. 5. A plan that offers dependent coverage shall not
8 deny enrollment to a covered individual's child on any of the
9 following grounds:

10 (a) The child was born out of wedlock.

1 (b) The child is not claimed as a dependent on the covered
2 individual's federal income tax return.

3 (c) The child does not reside with the covered individual or
4 in the plan's service area.

5 Sec. 7. (1) If a parent is eligible for dependent coverage
6 through a plan, the plan administrator shall:

7 (a) Permit the parent to enroll, under the dependent cover-
8 age, a child who is otherwise eligible for coverage without
9 regard to any enrollment season restrictions.

10 (b) If the parent is enrolled but fails to make application
11 to obtain coverage for the child, enroll the child under depen-
12 dent coverage upon application by the friend of the court or by
13 the child's other parent through the friend of the court.

14 (c) Not eliminate the child's coverage unless premiums have
15 not been paid as required by the plan or the plan administrator
16 is provided with satisfactory written evidence of either of the
17 following:

18 (i) The court or administrative order is no longer in
19 effect.

20 (ii) The child is or will be enrolled in comparable health
21 coverage through another plan, insurer, health care corporation,
22 or health maintenance organization that will take effect not
23 later than the effective date of the cancellation of the existing
24 coverage.

25 (2) If a child has health coverage through the plan of a
26 noncustodial parent, that plan administrator shall do all of the
27 following:

1 (a) Provide the custodial parent with information necessary
2 for the child to obtain benefits through that coverage.

3 (b) Permit the custodial parent or, with the custodial
4 parent's approval, the provider to submit a claim for covered
5 services without the noncustodial parent's approval.

6 (c) Make payment on claims submitted under subdivision (b)
7 directly to the custodial parent or medical provider.

8 (3) This section applies only if a parent is required by a
9 court or administrative order to provide health coverage for a
10 child and the plan is notified of that court or administrative
11 order.

12 Sec. 9. (1) A plan shall not consider whether an individual
13 is eligible for or has available medical assistance under title
14 XIX of the social security act, chapter 531, 49 Stat. 620, 42
15 U.S.C. 1396 to 1396g and 1396i to 1396v, in this or another state
16 when considering eligibility for coverage or making payments for
17 eligible covered individuals.

18 (2) If a plan has a legal liability to make payments, and
19 payment for covered expenses for medical goods or services fur-
20 nished to an individual has been made under the medical assist-
21 ance program established under section 105 of the social welfare
22 act, Act No. 280 of the Public Acts of 1939, being
23 section 400.105 of the Michigan Compiled Laws, the department of
24 social services has the rights of the individual to payment by
25 the plan to the extent payment was made by the department of
26 social services's medical assistance program for those medical
27 goods or services.

1 (3) If the department of social services has been assigned
2 the rights of a covered individual who is eligible for medical
3 assistance under section 105 of Act No. 280 of the Public Acts of
4 1939 and is covered by the plan, the plan shall not impose
5 requirements on the department of social services that are dif-
6 ferent from requirements that apply to an agent or assignee of
7 any other covered individual.

8 Sec. 11. A violation of this act is subject to a civil fine
9 of not more than \$500.00 for each violation.