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SFA**BILL ANALYSIS**

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Senate Bill 514 (Substitute S-5 as reported)
Sponsor: Senator Dale L. Shugars
Committee: Health Policy and Senior Citizens

CONTENT

The bill would amend Section 2213b of the Insurance Code, which requires that certain health insurance policies be renewed or continued, to provide that Section 2213b would not apply to a "short-term or 1-time limited duration policy or certificate of no longer than 6 months". Currently, effective October 1, 1997, Section 2213b provides that an insurer that issues or renews in Michigan a hospital, medical, or surgical individual policy or group policy, must renew or continue the policy at the option of the individual or group sponsor. The bill provides that, for purposes of Section 2213b and Section 3406f (described below), a "short term or 1-time limited duration policy or certificate of no longer than 6 months" would be an individual health policy that met the following conditions:

- Was issued to provide coverage for a period of 185 days or less; however, the health policy could permit a limited extension of benefits after the date the policy ended, solely for expenses attributable to a condition for which a covered person incurred expenses during the term of the policy.
- Was nonrenewable, provided that the health insurer could provide coverage for one or more subsequent periods that satisfied the above condition.
- Did not cover any preexisting conditions.
- Was available with an immediate effective date upon receipt by the insurer of a completed application indicating eligibility under the health insurer's eligibility requirements; however, coverage that included optional benefits could be offered on a basis that did not meet this requirement.

Further, the bill would require an insurer that issued such policies to provide a report to the Insurance Commissioner, by March 31, 1999, and by March 31, 2000, disclosing the gross written premium for those policies during the preceding calendar year.

(Section 3406f, effective October 1, 1997, allows an insurer to exclude or limit coverage for preexisting conditions as specified in the section. The section does not apply to any policy or certificate that provides coverage for specific diseases or accidents only, or to any hospital indemnity, Medicare supplement, long-term care, disability income, or one-time limited duration policy or certificate of no longer than six months.)

The bill includes an effective date of October 1, 1997.

MCL 500.2213b

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 9-23-97

Fiscal Analyst: J. Walker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.