

**SENATE BILL NO. 60**

January 26, 1999, Introduced by Senators SHUGARS, SCHWARZ  
and HAMMERSTROM and referred to the Committee on Health  
Policy.

A bill to amend 1980 PA 350, entitled  
"The nonprofit health care corporation reform act,"  
by amending section 402b (MCL 550.1402b), as added by 1996  
PA 516.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 402b. (1) For an individual covered under a nongroup  
2 certificate or under a certificate not covered under subsection  
3 (2), a health care corporation may exclude or limit coverage for  
4 a condition only if the exclusion or limitation relates to a con-  
5 dition for which medical advice, diagnosis, care, or treatment  
6 was recommended or received within 6 months before enrollment and  
7 the exclusion or limitation does not extend for more than 6  
8 months after the effective date of the certificate.

1 (2) A health care corporation shall not exclude or limit  
2 coverage for a preexisting condition for an individual covered  
3 under a group certificate.

4 ~~(3) The commissioner and the director of community health  
5 shall examine the issue of crediting prior continuous health care  
6 coverage to reduce the period of time imposed by a preexisting  
7 condition limitation or exclusion under subsection (1) and shall  
8 report to the governor and the senate and the house of represen-  
9 tatives standing committees on insurance and health policy issues  
10 by May 15, 1997. The report shall include the commissioner's and  
11 director's findings and shall propose alternative mechanisms or a  
12 combination of mechanisms to credit prior continuous health care  
13 coverage towards the period of time imposed by a preexisting con-  
14 dition limitation or exclusion. The report shall address at a  
15 minimum all of the following:~~

16 ~~(a) Cost of crediting prior continuous health care  
17 coverages.~~

18 ~~(b) Period of lapse or break in coverage, if any, permitted  
19 in a prior health care coverage.~~

20 ~~(c) Types and scope of prior health care coverages that are  
21 permitted to be credited.~~

22 ~~(d) Any exceptions or exclusions to crediting prior health  
23 care coverage.~~

24 ~~(e) Uniform method of certifying periods of prior creditable  
25 coverage.~~

26 (3) NOTWITHSTANDING SUBSECTION (1), A HEALTH CARE  
27 CORPORATION SHALL NOT ISSUE A CERTIFICATE TO A PERSON ELIGIBLE

1 FOR NONGROUP COVERAGE OR ELIGIBLE FOR A CERTIFICATE NOT COVERED  
2 UNDER SUBSECTION (2) THAT EXCLUDES OR LIMITS COVERAGE FOR A PRE-  
3 EXISTING CONDITION OR PROVIDES A WAITING PERIOD IF ALL OF THE  
4 FOLLOWING APPLY:

5 (A) THE PERSON'S MOST RECENT HEALTH COVERAGE PRIOR TO APPLY-  
6 ING FOR COVERAGE WITH THE HEALTH CARE CORPORATION WAS UNDER A  
7 GROUP HEALTH PLAN.

8 (B) THE PERSON WAS CONTINUOUSLY COVERED PRIOR TO THE APPLI-  
9 CATION FOR COVERAGE WITH THE HEALTH CARE CORPORATION UNDER 1 OR  
10 MORE HEALTH PLANS FOR AN AGGREGATE OF AT LEAST 18 MONTHS WITH NO  
11 BREAK IN COVERAGE THAT EXCEEDED 62 DAYS.

12 (C) THE PERSON IS NO LONGER ELIGIBLE FOR GROUP COVERAGE.

13 (D) THE PERSON DID NOT LOSE ELIGIBILITY FOR COVERAGE FOR  
14 FAILURE TO PAY ANY REQUIRED CONTRIBUTION OR FOR AN ACT TO DEFRAUD  
15 THE HEALTH CARE CORPORATION.

16 (4) As used in this section, "group" means a group of 2 or  
17 more subscribers.

18 Enacting section 1. This amendatory act takes effect  
19 October 1, 1999.