

SENATE BILL No. 781

September 27, 2005, Introduced by Senators VAN WOERKOM and ALLEN and referred to the Committee on Health Policy.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 3406f (MCL 500.3406f), as added by 1996 PA 517.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3406f. (1) An insurer may exclude or limit coverage for a
2 condition as follows:

3 ~~—— (a) For an individual covered under an individual policy or~~
4 ~~certificate or any other policy or certificate not covered under~~
5 ~~subdivision (b) or (c), only if the exclusion or limitation relates~~
6 ~~to a condition for which medical advice, diagnosis, care, or~~
7 ~~treatment was recommended or received within 6 months before~~
8 ~~enrollment and the exclusion or limitation does not extend for more~~
9 ~~than 12 months after the effective date of the policy or~~

1 ~~certificate.~~

2 **(A)** ~~—(b)—~~ For an individual covered under a group policy or
 3 certificate covering 2 to 50 individuals, only if the exclusion or
 4 limitation relates to a condition for which medical advice,
 5 diagnosis, care, or treatment was recommended or received within 6
 6 months before enrollment and the exclusion or limitation does not
 7 extend for more than 12 months after the effective date of the
 8 policy or certificate.

9 **(B)** ~~—(c)—~~ For an individual covered under a group policy or
 10 certificate covering more than 50 individuals, only if the
 11 exclusion or limitation relates to a condition for which medical
 12 advice, diagnosis, care, or treatment was recommended or received
 13 within 6 months before enrollment and the exclusion or limitation
 14 does not extend for more than 6 months after the effective date of
 15 the policy or certificate.

16 (2) As used in this section, "group" means a group health plan
 17 as defined in section 2791(a)(1) and (2) of part C of title XXVII
 18 of the public health service act, ~~chapter 373, 110 Stat. 1972,~~ 42
 19 ~~U.S.C.—~~ **USC** 300gg-91, and includes government plans that are not
 20 federal government plans.

21 (3) This section applies only to an insurer that delivers,
 22 issues for delivery, or renews in this state an expense-incurred
 23 hospital, medical, or surgical policy or certificate. This section
 24 does not apply to any policy or certificate that provides coverage
 25 for specific diseases or accidents only, or to any hospital
 26 indemnity, medicare supplement, long-term care, disability income,
 27 or 1-time limited duration policy or certificate of no longer than

1 6 months.

2 ~~———— (4) The commissioner and the director of community health~~
3 ~~shall examine the issue of crediting prior continuous health care~~
4 ~~coverage to reduce the period of time imposed by preexisting~~
5 ~~condition limitations or exclusions under subsection (1) (a), (b),~~
6 ~~and (c) and shall report to the governor and the senate and the~~
7 ~~house of representatives standing committees on insurance and~~
8 ~~health policy issues by May 15, 1997. The report shall include the~~
9 ~~commissioner's and director's findings and shall propose~~

10 ~~alternative mechanisms or a combination of mechanisms to credit~~
11 ~~prior continuous health care coverage towards the period of time~~
12 ~~imposed by a preexisting condition limitation or exclusion. The~~
13 ~~report shall address at a minimum all of the following:~~

14 ~~———— (a) Cost of crediting prior continuous health care coverages.~~

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

17 ~~———— (c) Types and scope of prior health care coverages that are~~
18 ~~permitted to be credited.~~

19 ~~———— (d) Any exceptions or exclusions to crediting prior health~~
20 ~~care coverage.~~

21 ~~———— (e) Uniform method of certifying periods of prior creditable~~
22 ~~coverage.~~