

HOUSE BILL No. 4051

January 22, 2007, Introduced by Rep. Hune and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled "The insurance code of 1956," by amending sections 3107, 3109, and 3109a (MCL 500.3107, 500.3109, and 500.3109a), section 3107 as amended by 1991 PA 191, and by adding chapter 21A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 21A MANAGED CARE

SEC. 2151. AS USED IN THIS CHAPTER, "MANAGED CARE OPTION" MEANS AN OPTIONAL COVERAGE SELECTED BY AN INSURED AT THE TIME A POLICY IS ISSUED THAT INCLUDES, BUT IS NOT LIMITED TO, THE MONITORING AND ADJUDICATION OF AN INJURED PERSON'S CARE, THE USE OF A PREFERRED PROVIDER PROGRAM OR OTHER NETWORK, OR OTHER SIMILAR OPTION.

1 SEC. 2153. THIS CHAPTER APPLIES TO ALL AUTOMOBILE INSURANCE
2 WHETHER WRITTEN ON AN INDIVIDUAL, GROUP, FRANCHISE, BLANKET POLICY,
3 OR SIMILAR BASIS.

4 SEC. 2155. AN AUTOMOBILE INSURER MAY OFFER A MANAGED CARE
5 OPTION THAT SHALL PROVIDE FOR ALLOWABLE EXPENSES CONSISTING OF ALL
6 REASONABLE CHARGES INCURRED FOR REASONABLY NECESSARY PRODUCTS,
7 SERVICES, AND ACCOMMODATIONS FOR AN INJURED PERSON'S CARE,
8 RECOVERY, OR REHABILITATION. THIS MANAGED CARE OPTION IS SUBJECT TO
9 ALL OF THE FOLLOWING:

10 (A) SHALL BE UNIFORMLY OFFERED IN ALL AREAS WHERE THE MANAGED
11 CARE OPTION IS AVAILABLE.

12 (B) SHALL PROVIDE A DISCOUNT THAT REFLECTS REASONABLY
13 ANTICIPATED REDUCTIONS IN LOSSES OR EXPENSES.

14 (C) SHALL NOT APPLY TO EMERGENCY CARE. EMERGENCY CARE
15 INCLUDES, BUT IS NOT LIMITED TO, ALL CARE NECESSARY TO THE POINT
16 WHERE NO MATERIAL DETERIORATION OF A CONDITION IS LIKELY, WITHIN
17 REASONABLE MEDICAL PROBABILITY, TO RESULT FROM OR OCCUR DURING
18 TRANSFER OF THE PATIENT.

19 SEC. 2156. AN AUTOMOBILE INSURER THAT OFFERS A MANAGED CARE
20 OPTION UNDER THIS CHAPTER SHALL ALSO OFFER PERSONAL PROTECTION
21 INSURANCE BENEFITS UNDER SECTION 3107(1)(A) THAT ARE NOT SUBJECT TO
22 THE MANAGED CARE OPTION.

23 SEC. 2157. THE MANAGED CARE OPTION APPLIES TO THE INSURED WHO
24 SELECTS THE MANAGED CARE OPTION AND ANY PERSON WHO RESIDES IN AN
25 AREA WHERE THE MANAGED CARE OPTION IS AVAILABLE AND WHO IS CLAIMING
26 PERSONAL PROTECTION INSURANCE BENEFITS UNDER THE POLICY WITH THE
27 MANAGED CARE OPTION.

1 SEC. 2161. A MANAGED CARE OPTION MAY PROVIDE FOR DEDUCTIBLES,
2 CO-PAYS, OR BOTH DEDUCTIBLES AND CO-PAYS.

3 SEC. 2163. A MANAGED CARE OPTION SHALL PROVIDE FOR ALL OF THE
4 FOLLOWING:

5 (A) THAT PERSONAL PROTECTION INSURANCE BENEFITS ARE PRIMARY
6 AND WILL NOT BE COORDINATED WITH OTHER HEALTH AND ACCIDENT COVERAGE
7 ON THE INDIVIDUAL CLAIMING PERSONAL PROTECTION INSURANCE BENEFITS
8 UNDER THE POLICY WITH THE MANAGED CARE OPTION.

9 (B) THAT PERSONAL PROTECTION INSURANCE BENEFITS MUST BE
10 EXHAUSTED BY THE INDIVIDUAL CLAIMING THOSE BENEFITS UNDER THE
11 POLICY WITH THE MANAGED CARE OPTION BEFORE THE INDIVIDUAL MAY SEEK
12 BENEFITS FROM ANOTHER HEALTH OR ACCIDENT COVERAGE PROVIDER.

13 (C) THAT DEDUCTIBLES, CO-PAYS, OR OTHER SIMILAR SANCTIONS
14 SHALL NOT BE ASSESSED OR COLLECTED FROM OTHER HEALTH AND ACCIDENT
15 COVERAGE PROVIDERS FOR THE INDIVIDUAL CLAIMING PERSONAL PROTECTION
16 INSURANCE BENEFITS UNDER THE POLICY WITH THE MANAGED CARE OPTION.

17 SEC. 2165. AT THE TIME OF THE INITIAL SELECTION OF THE MANAGED
18 CARE OPTION BY THE INSURED, AN AUTOMOBILE INSURER SHALL OBTAIN A
19 SIGNED ACKNOWLEDGMENT THAT THE INSURED RECEIVED A WRITTEN
20 DISCLOSURE STATEMENT APPROVED BY THE COMMISSIONER OR A WRITTEN
21 DISCLOSURE STATEMENT THAT INCLUDES ALL OF THE FOLLOWING:

22 (A) A SUMMARY OF THE PROVISIONS OF THE MANAGED CARE OPTION.

23 (B) THE ESTIMATED RANGE OF THE PERCENTAGE OF THE DISCOUNT
24 PROVIDED BY THE MANAGED CARE OPTION.

25 (C) A GENERAL DESCRIPTION OF THE DIFFERENCES BETWEEN A MANAGED
26 CARE OPTION UNDER THIS CHAPTER AND PERSONAL PROTECTION INSURANCE
27 BENEFITS UNDER SECTION 3107(1)(A) THAT ARE NOT SUBJECT TO THE

1 MANAGED CARE OPTION, INCLUDING ANY PROCEDURAL DIFFERENCES IN
2 SEEKING TREATMENT AND FILING A CLAIM.

3 (D) THE CONSEQUENCES FOR VIOLATING ANY PROVISIONS OF THE
4 MANAGED CARE OPTION, INCLUDING THE POSSIBILITY OF A CLAIM DENIAL,
5 THE PAYMENT OF A DEDUCTIBLE AND THE AMOUNT OF THAT DEDUCTIBLE, AND
6 ANY ADDITIONAL OUT-OF-POCKET EXPENSES THAT MAY BE INCURRED.

7 (E) AN EXPLANATION OF WHETHER THE INSURER OFFERS AN OPT-OUT
8 PROVISION THAT WOULD ENABLE THE INSURED TO CHANGE HIS OR HER POLICY
9 FROM A MANAGED CARE OPTION TO PERSONAL PROTECTION INSURANCE
10 BENEFITS UNDER SECTION 3107(1)(A) THAT ARE NOT SUBJECT TO THE
11 MANAGED CARE OPTION AND ANY RESTRICTIONS PLACED UPON THE INSURED IN
12 REGARD TO OPTING OUT OF THE MANAGED CARE OPTION.

13 SEC. 2167. THE DISCLOSURE STATEMENT UNDER SECTION 2165 SHALL
14 INCLUDE A POSTAL MAILING ADDRESS AND EITHER A TOLL-FREE TELEPHONE
15 NUMBER OR AN INTERNET WEBSITE ADDRESS THAT INSUREDS OR APPLICANTS
16 FOR INSURANCE MAY WRITE, CALL, OR OTHERWISE ACCESS FOR INFORMATION
17 ON THE MANAGED CARE OPTION.

18 Sec. 3107. (1) ~~Except as provided in subsection (2), personal~~
19 PERSONAL protection insurance benefits are payable for the
20 following:

21 (a) ~~Allowable~~ EXCEPT AS PROVIDED IN SECTION 2155, ALLOWABLE
22 expenses consisting of all reasonable charges incurred for
23 reasonably necessary products, services, and accommodations for an
24 injured person's care, recovery, or rehabilitation. Allowable
25 expenses within personal protection insurance coverage shall not
26 include charges for a hospital room in excess of a reasonable and
27 customary charge for semiprivate accommodations except if the

1 injured person requires special or intensive care, or for funeral
2 and burial expenses in the amount set forth in the policy which
3 shall not be less than \$1,750.00 or more than \$5,000.00.

4 (b) ~~Work~~ **EXCEPT AS PROVIDED IN SUBSECTION (2), WORK** loss
5 consisting of loss of income from work an injured person would have
6 performed during the first 3 years after the date of the accident
7 if he or she had not been injured. Work loss does not include any
8 loss after the date on which the injured person dies. Because the
9 benefits received from personal protection insurance for loss of
10 income are not taxable income, the benefits payable for such loss
11 of income shall be reduced 15% unless the claimant presents to the
12 insurer in support of his or her claim reasonable proof of a lower
13 value of the income tax advantage in his or her case, in which case
14 the lower value shall apply. ~~Beginning March 30, 1973~~ **FOR THE**
15 **PERIOD BEGINNING OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2007**, the
16 benefits payable for work loss sustained in a single 30-day period
17 and the income earned by an injured person for work during the same
18 period together shall not exceed ~~\$1,000.00~~ **\$4,589.00**, which maximum
19 shall apply pro rata to any lesser period of work loss. Beginning
20 October 1, ~~1974~~ **2007**, the maximum shall be adjusted annually to
21 reflect changes in the cost of living under rules prescribed by the
22 commissioner but any change in the maximum shall apply only to
23 benefits arising out of accidents occurring subsequent to the date
24 of change in the maximum.

25 (c) Expenses not exceeding \$20.00 per day, reasonably incurred
26 in obtaining ordinary and necessary services in lieu of those that,
27 if he or she had not been injured, an injured person would have

1 performed during the first 3 years after the date of the accident,
2 not for income but for the benefit of himself or herself or of his
3 or her dependent.

4 (2) A person who is 60 years of age or older and in the event
5 of an accidental bodily injury would not be eligible to receive
6 work loss benefits under subsection (1)(b) may waive coverage for
7 work loss benefits by signing a waiver on a form provided by the
8 insurer. An insurer shall offer a reduced premium rate to a person
9 who waives coverage under this subsection for work loss benefits.
10 Waiver of coverage for work loss benefits applies only to work loss
11 benefits payable to the person or persons who have signed the
12 waiver form.

13 Sec. 3109. (1) Benefits provided or required to be provided
14 under the laws of any state or the federal government shall be
15 subtracted from the personal protection insurance benefits
16 otherwise payable for the injury.

17 (2) An injured person is a natural person suffering accidental
18 bodily injury.

19 (3) An insurer providing personal protection insurance
20 benefits may offer, at appropriately reduced premium rates, a
21 deductible of a specified dollar amount ~~which~~**THAT** does not exceed
22 \$300.00 per accident. This deductible may be applicable to all or
23 any specified types of personal protection insurance benefits but
24 shall apply only to benefits payable to the person named in the
25 policy, his **OR HER** spouse, and any relative of either domiciled in
26 the same household. Any other deductible provisions require the
27 prior approval of the commissioner. **THIS SUBSECTION DOES NOT APPLY**

1 **TO A MANAGED CARE OPTION OFFERED UNDER CHAPTER 21A.**

2 Sec. 3109a. An insurer providing personal protection insurance
3 benefits shall offer, at appropriately reduced premium rates,
4 deductibles and exclusions reasonably related to other health and
5 accident coverage on the insured. The deductibles and exclusions
6 required to be offered by this section shall be subject to prior
7 approval by the commissioner and shall apply only to benefits
8 payable to the person named in the policy, the spouse of the
9 insured, and any relative of either domiciled in the same
10 household. **THIS SECTION DOES NOT APPLY TO A MANAGED CARE OPTION**
11 **OFFERED UNDER CHAPTER 21A.**

12 Enacting section 1. This amendatory act takes effect 6 months
13 after the date it is enacted.