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BILL



ANALYSIS

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House Bill 6431 (Substitute H-2 as reported without amendment)

Sponsor: Representative Hank Vaupel

House Committee: Health Policy

Senate Committee: Insurance

CONTENT

The bill would amend Chapter 38 (Medicare Supplement Policies and Certificates) of the Insurance Code to do the following:

- Delete a requirement that allows a health insurer to deliver, store, and present by electronic means a notice to a party or any other document that is required in an insurance transaction or that is to serve as evidence of insurance coverage if the form or notice protects the confidentiality of a subscriber's, insured's, enrollee's, or contract holder's personal information.
- Specify that, effective January 1, 2020, the standardized Plan F High Deductible Benefit Plan could be offered to an individual who was eligible for Medicare before January 1, 2020.
- Prohibit a policy or certificate that provided coverage of the Medicare Part B deductible from being advertised, solicited, delivered, or issued for delivery in Michigan as a Medicare supplement policy or certificate to individuals newly eligible for Medicare after December 31, 2019, unless it complied with the benefit standards listed under the bill.
- Specify that the standards and requirements of Section 3811a of the Code (which concerns Medicare supplement policies and basic core benefits) would apply to all Medicare supplement policies or certificates delivered or issued for delivery to individuals newly eligible for Medicare after December 31, 2019, with some exceptions.
- Redesignate the Standardized Medicare Supplement Benefit Plan C as Plan D, and require that plan to be limited to the basic core benefits common to all benefit plans, and prohibit that plan from providing coverage for 100% or any portion of the Medicare Part B deductible.
- Redesignate the Standardized Medicare Supplement Benefit Plan F as Plan G, and require that plan to provide the basic core benefits, and 100% of the Medicare Part A deductible, skilled nursing facility care, 100% of the Medicare Part B deductible, 100% of the Medicare Part B excess charge, and medically necessary emergency care in a foreign county.
- Redesignate the Standardized Medicare Supplement Benefit Plan F High Deductible as Plan G High Deductible, and require that plan to provide the same benefits as described for Plan G, as applicable, except for coverage for 100% or any portion of the Medicare Part B Deductible.
- Prohibit Standardized Medicare Supplement Benefit Plans C, F, and F High Deductible from being offered to individuals newly eligible for Medicare after December 31, 2019.
- Require an insurer to make available to any person who requested coverage from an insurer and had been insured, if the person would no longer be insured because he or she had become eligible for Medicare, a right of continuation or conversion to either a basic core benefits or Standardized Benefit Plan C or Plan F.
- Delete a provision requiring each insurer offering individual expense incurred hospital, medical, or surgical policies in Michigan to give to each person who is insured with the

insurer at the time he or she becomes eligible for Medicare, and to each applicant of the insurer who is eligible for Medicare, written notice of the availability of coverage.

- Decrease, from 45 to 30, the number of days before advertising Medicare supplement insurance an insurer who provides Medicare must file for approval for that advertisement.
- Revise various deductibles and out-of-pocket costs for certain plans.
- Revise the definitions of terms used throughout the Code.

The bill also would amend the Code to specify that Section 2266 of the Code (which governs the electronic delivery of insurance documents, among other things) would not apply to a health insurer or health maintenance organization.

The bill would repeal Sections 3804 and 3808 of the Code. (Section 3804 specifies that Chapter 38 (Medicare Supplement Policies and Certificates) applies to a Medicare supplement policy delivered, issued for delivery, or renewed by a certain health care corporation. Section 3808 requires every insurer issuing a Medicare supplement insurance policy in Michigan to make available a policy that includes certain Medicare benefits).

MCL 500.2266 et al.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

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

Date Completed: 12-10-18

Fiscal Analyst: Steve Angelotti