

HOUSE BILL No. 6538

November 28, 2018, Introduced by Rep. Lilly and referred to the Committee on Michigan Competitiveness.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2213b (MCL 500.2213b), as amended by 2016 PA
276.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2213b. (1) Except as otherwise provided in this section,
2 an insurer that delivers, issues for delivery, or renews in this
3 state a health insurance policy shall renew the policy or continue
4 the policy in force at the option of the individual or, for a group
5 plan, at the option of the plan sponsor.

6 (2) At the time of renewal of an individual health insurance
7 policy, the insurer may modify the policy if the modification is
8 consistent with state and federal law and is effective on a uniform
9 basis among all individuals with coverage under the policy.

10 (3) At the time of renewal of a group health insurance policy

1 issued under chapter 34, the insurer may modify the policy.

2 (4) Guaranteed renewal of a health insurance policy is not
3 required in cases of fraud, intentional misrepresentation of
4 material fact, lack of payment, noncompliance with minimum
5 contribution requirements, or noncompliance with minimum
6 participation requirements, if the insurer no longer offers that
7 particular type of coverage in the market, or if the individual or
8 group moves outside the service area.

9 (5) An insurer that delivers, issues for delivery, or renews
10 in this state a health insurance policy shall not discontinue
11 offering a particular plan or product in the nongroup or group
12 market unless the insurer does all of the following:

13 (a) Provides notice to the director and to each covered
14 individual or group, as applicable, provided coverage under the
15 plan or product of the discontinuation at least 90 days before the
16 date of the discontinuation.

17 (b) Offers to each covered individual or group, as applicable,
18 provided coverage under the plan or product the option to purchase
19 any other plan or product currently being offered in the nongroup
20 market or group market, as applicable, by that insurer without
21 excluding or limiting coverage for a preexisting condition or
22 providing a waiting period.

23 (c) Acts uniformly without regard to any health status factor
24 of enrolled individuals or individuals who may become eligible for
25 coverage in making the determination to discontinue coverage and in
26 offering other plans or products.

27 (6) An insurer shall not discontinue offering all coverage in

1 the nongroup or group market unless the insurer does all of the
2 following:

3 (a) Provides notice to the director and to each covered
4 individual or group, as applicable, of the discontinuation at least
5 180 days before the date of the expiration of coverage.

6 (b) Discontinues all health benefit plans issued in the
7 nongroup or group market from which the insurer withdrew and does
8 not renew coverage under those plans.

9 (7) If an insurer discontinues coverage under subsection (6),
10 the insurer shall not provide for the issuance of any health
11 benefit plans in the nongroup or group market from which the
12 insurer withdrew during the 5-year period beginning on the date of
13 the discontinuation of the last plan not renewed under that
14 subsection.

15 (8) Subsections (1) to (7) do not apply to a short-term or 1-
16 time limited duration policy or certificate of no longer than ~~6-12~~
17 months.

18 (9) For the purposes of this section, a short-term or 1-time
19 limited duration policy or certificate of no longer than ~~6-12~~
20 months is an individual health policy that meets all of the
21 following:

22 (a) Is issued to provide coverage for a period of ~~185-365~~ days
23 or less, except that the health policy may permit a limited
24 extension of benefits after the date the policy ended solely for
25 expenses attributable to a condition for which a covered person
26 incurred expenses during the term of the policy.

27 (b) ~~Is nonrenewable, provided that the~~ **MAY BE RENEWABLE. THE**

1 health insurer may provide coverage for 1 or more subsequent
2 periods that satisfy subdivision (a), if the total of the periods
3 of coverage do not exceed a total of ~~185~~**365** days out of any 365-
4 day period, plus any additional days permitted by the policy for a
5 condition for which a covered person incurred expenses during the
6 term of the policy.

7 (c) ~~Does not~~**MAY, BUT IS NOT REQUIRED TO**, cover any
8 preexisting conditions.

9 (D) **INCLUDES COVERAGE FOR EMERGENCY CARE, HOSPITAL SERVICES,**
10 **PHYSICIAN SERVICES, LABORATORY SERVICES, AND X-RAY SERVICES. THE**
11 **HEALTH INSURER SHALL PROVIDE A DESCRIPTION OF PLAN SERVICES COVERED**
12 **THAT MUST BE PROMINENTLY DISPLAYED ON THE APPLICATION FOR COVERAGE**
13 **AND THE COVERAGE AGREEMENT.**

14 (E) ~~(d) Is available with an immediate effective date~~
15 ~~without underwriting, upon~~**WITHIN 15 DAYS ON** receipt by the insurer
16 of a completed application indicating eligibility under the
17 insurer's eligibility requirements, except that coverage that
18 includes optional benefits may be offered on a basis that does not
19 meet this requirement.

20 (F) **INCLUDES A 10-DAY FREE LOOK PERIOD TO RETURN A CERTIFICATE**
21 **OF COVERAGE FOR A FULL REFUND. A CANCELLATION RECEIVED WITHIN THE**
22 **10-DAY FREE LOOK PERIOD DESCRIBED IN THIS SUBDIVISION WILL BE**
23 **ELIGIBLE FOR A FULL REFUND, INCLUDING ENROLLMENT FEE, FORFEITING**
24 **ANY CLAIMS IN LIEU OF A FULL REFUND.**

25 (G) **INCLUDES, INSERTED PROMINENTLY ON THE EVIDENCE OF**
26 **COVERAGE, THE CONTRACT INFORMATION FOR THE MICHIGAN HEALTH**
27 **INSURANCE CONSUMER ASSISTANCE PROGRAM ESTABLISHED BY THE**

1 **DEPARTMENT.**

2 (10) By March 31 each year, an insurer that delivers, issues
3 for delivery, or renews in this state a short-term or 1-time
4 limited duration policy or certificate of no longer than ~~6~~**12**
5 months shall provide to the director a written annual report that
6 discloses both of the following:

7 (a) The gross written premium for short-term or 1-time limited
8 duration policies or certificates issued in this state during the
9 preceding calendar year.

10 (b) The gross written premium for all individual health
11 insurance ~~policies~~ issued, ~~or~~ delivered, **OR RENEWED** in this state
12 during the preceding calendar year other than policies or
13 certificates described in subdivision (a).

14 (11) The director shall maintain copies of reports prepared
15 under subsection (10) on file with the annual statement of each
16 reporting insurer.

17 (12) In each calendar year, an insurer shall not continue to
18 issue short-term or 1-time limited duration policies or
19 certificates if to do so the collective gross written premiums on
20 those policies or certificates would total more than 10% of the
21 collective gross written premiums for all individual health
22 insurance policies issued or delivered in this state either
23 directly by the insurer or through a person that owns or is owned
24 by the insurer.