SUBSTITUTE FOR

SENATE BILL NO. 358

A bill to amend 1956 PA 218, entitled

"The insurance code of 1956,"

(MCL 500.100 to 500.8302) by adding section 3406z.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1   **Sec. 3406z. (1) An insurer that delivers, issues for delivery,**

2 **or renews in this state in the individual or small group market a**

3 **health insurance policy shall offer health insurance policies that**

4 **provide at least 1 of the following levels of coverage:**

5   **(a) Coverage designed to provide benefits actuarially**

6 **equivalent to 60% of the full actuarial value of the benefits**

7 **provided under the policy.**

8   **(b) Coverage designed to provide benefits actuarially**

9 **equivalent to 70% of the full actuarial value of the benefits**

1   provided under the policy.

2   (c) Coverage designed to provide benefits actuarially

3   equivalent to 80% of the full actuarial value of the benefits

4   provided under the policy.

5   (d) Coverage designed to provide benefits actuarially

6   equivalent to 90% of the full actuarial value of the benefits

7   provided under the policy.

8   (2) For plan years beginning after the effective date of the

9   amendatory act that added this section, the allowable variation in

10   the actuarial value of a health insurance policy that does not

11   result in a material difference in the true dollar value of the

12   health insurance policy is −2 percentage points and +2 percentage

13   points. However, if a health insurance policy under subsection

14   (1)(a) covers and pays for at least 1 major service, other than

15   preventive services, before the deductible or meets the

16   requirements to be a high deductible health plan within the meaning

17   of section 223(c)(2) of the internal revenue code of 1986, 26 USC

18   223, the allowable variation in actuarial value for the health

19   insurance policy is −2 percentage points and +5 percentage points.

20   (3) For purposes of determining compliance with subsections

21   (1) to (2), an insurer described in subsection (1) must use the

22   actuarial calculator developed and made available by the federal

23   department of health and human services for the applicable plan

24   year. Subject to subsection (4), if the federal department of

25   health and human services has not developed and made available the

26   calculator, an insurer described in subsection (1) may use the most

27   recently issued calculator. If a health insurance policy's design

28   is not compatible with the calculator, the insurer must submit an

29   actuarial certification from an actuary, who is a member of the

1   American Academy of Actuaries, using 1 of the following

2   methodologies:

3   (a) Calculate the health insurance policy's actuarial value

4   by:

5   (*i*) Estimating a fit of its plan design into the parameters of

6   the calculator.

7   (*ii*) Having the actuary certify that the plan design fits

8   appropriately in accordance with generally accepted actuarial

9   principles and methodologies.

10   (b) Use the calculator to determine the actuarial value for

11 the health insurance policy provisions that fit within the

12 calculator parameters and have the actuary calculate and certify,

13 in accordance with generally accepted actuarial principles and

14 methodologies, appropriate adjustments to the actuarial value

15 identified by the calculator, for plan design features that deviate

16 substantially from the parameters of the calculator.

17   (4) The calculation methods described in subsection (3) may

18 include only in-network cost-sharing, including multitier networks.

19   (5) This section does not apply to a short-term or 1-time

20 limited duration policy or certificate of not longer than 6 months

21 as described in section 2213b, or to a grandfathered plan as that

22 term is defined in 45 CFR 147.140.