

Legislative Analysis



EXEMPT RETIREE-ONLY PLANS FROM ACA CODIFICATION

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House Bill 4464 as reported from committee

Sponsor: Rep. Mike Harris

Committee: Insurance

Complete to 6-4-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4464 would amend the Insurance Code to provide that several provisions that codify the federal Patient Protection and Affordable Care Act (ACA) into state law do not apply to retiree-only health care coverage or ***non-grandfathered health plan coverage***.

Non-grandfathered health plan coverage would mean individual and small group transitional insurance plans that have been afforded additional time to comply with certain market reform provisions of the ACA and as specified annually by the director of the Department of Insurance and Financial Services (DIFS), until the Centers for Medicare and Medicaid Services (CMS) requires these plans to come into full compliance with the ACA.

Specifically, the bill would provide for the following:

- Several provisions relating to coverage for children and dependents under age 26 would no longer apply to retiree-only health care coverage.
- Provisions prohibiting insurers from imposing lifetime or annual limits on essential health benefit coverage would no longer apply to retiree-only health insurance coverage.
- Provisions requiring insurers provide coverage for various services would not longer apply to both non-grandfathered health plan coverage or retiree-only health insurance coverage.
- Provisions requiring coverage for mental health and substance use disorder services would no longer apply to retiree-only health insurance coverage.
- Provisions prohibiting insurers from denying coverage based on preexisting conditions would no longer apply to non-grandfathered health plan coverage. (This provision already exempts retiree-only plans.)

In addition, the bill would add that the following are considered ***grandfathered health plan coverage*** as that term is excluded from the provisions regarding coverage of preexisting conditions:

- A fixed indemnity as that term is described in 45 CFR 148.220(b)(4).¹
- A short-term or one-time limited duration policy or certificate of not longer than six months as described in section 2213b of the Insurance Code.²

MCL 500.3403 et seq.

¹ <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-B/part-148/subpart-D/section-148.220>

² <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-500-2213b>

BRIEF DISCUSSION:

According to committee testimony, the bill is intended to codify provisions of the ACA that were not included when the protections were originally codified in state law.

FISCAL IMPACT:

The bill would have no fiscal impact on any units of state or local government.

POSITIONS:

The American Council of Life Insurers indicated support for the bill. (5-21-25)

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