THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.3406ee Health insurance policies; individual or small group markets; mandatory levels of coverage; actuarial value; compliance; applicability.

Sec. 3406ee. (1) An insurer that delivers, issues for delivery, or renews in this state in the individual or small group market a health insurance policy shall offer health insurance policies that provide at least 1 of the following levels of coverage:

(a) Coverage designed to provide benefits actuarially equivalent to 60% of the full actuarial value of the benefits provided under the policy.

(b) Coverage designed to provide benefits actuarially equivalent to 70% of the full actuarial value of the benefits provided under the policy.

(c) Coverage designed to provide benefits actuarially equivalent to 80% of the full actuarial value of the benefits provided under the policy.

(d) Coverage designed to provide benefits actuarially equivalent to 90% of the full actuarial value of the benefits provided under the policy.

(2) For plan years beginning after the effective date of the amendatory act that added this section, the allowable variation in the actuarial value of a health insurance policy that does not result in a material difference in the true dollar value of the health insurance policy is the de minimis variation as described in 45 CFR 156.140.

(3) For purposes of determining compliance with subsections (1) to (2), an insurer described in subsection (1) must use the actuarial calculator developed and made available by the federal department of health and human services for the applicable plan year. Subject to subsection (4), if the federal department of health and human services has not developed and made available the calculator, an insurer described in subsection (1) may use the most recently issued calculator. If a health insurance policy's design is not compatible with the calculator, the insurer must submit an actuarial certification from an actuary, who is a member of the American Academy of Actuaries, using 1 of the following methodologies:

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

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

(*ii*) Having the actuary certify that the plan design fits appropriately in accordance with generally accepted actuarial principles and methodologies.

(b) Use the calculator to determine the actuarial value for the health insurance policy provisions that fit within the calculator parameters and have the actuary calculate and certify, in accordance with generally accepted actuarial principles and methodologies, appropriate adjustments to the actuarial value identified by the calculator, for plan design features that deviate substantially from the parameters of the calculator.

(4) The calculation methods described in subsection (3) may include only in-network cost-sharing, including multitier networks.

(5) This section does not apply to a short-term or 1-time limited duration policy or certificate of not longer than 6 months as described in section 2213b, a grandfathered plan as that term is defined in 45 CFR 147.140, or a catastrophic plan as described in 45 CFR 156.155.

History: Add. 2023, Act 163, Eff. Feb. 13, 2024.

Popular name: Act 218