House
Legislative
Analysis
Section

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MEDICAL CHILD SUPPORT

House Bill 4202
Sponsor: Rep. Gregory E. Pitoniak

House Bills 4767 and 4768
Sponsor: Rep. Edward LaForge

Committee: Insurance

Complete to 8-4-95

A SUMMARY OF HOUSE BILLS 4202, 4767 AND 4768 AS INTRODUCED 1-30-95 AND 5-2-95

The bills would 1) import into Michigan statutes requirements from the federal Omnibus Budget Reconciliation Act (OBRA) of 1993 regarding medical child support and the coordination of private insurance benefits with Medicaid; and 2) require insurers and similar entities to offer to provide coverage to the children of insureds through the year in which they have their 25th birthday if they are unmarried college students.

House Bill 4202 would amend the Public Health Code (333.21054u et al.) and apply to health maintenance organizations (HMOs). House Bill 4767 would amend the Nonprofit Health Care Corporation Act (MCL 550.1418 et al.) and apply to Blue Cross and Blue Shield of Michigan. House Bill 4768 would amend the Insurance Code (MCL 500.3406f et al.) and apply to commercial health insurance companies. (The summary usually refers to each kind of entity as an insurer and uses the term "policy" to refer to BCBSM certificates and HMO contracts, as well.) Each bill contains the following provisions.

Prohibited as grounds for denial of coverage

* An insurer would be prohibited from denying coverage in a policy that offers dependent coverage to an insured's child on the grounds that the child 1) was born out of wedlock; 2) was not claimed as a dependent on the insured's federal income tax return; or 3) did not reside with the insured or in the insured's service area.

Coverage of children under a court order

* If a parent was required by a court or administrative order to provide health coverage to a child and the parent was eligible for dependent coverage, the insurer would be required to permit the parent or legal custodian to enroll a child eligible for coverage without regard to any enrollment season restrictions.

* If a parent was enrolled but failed to apply for coverage for a child, the insurer would be required to enroll the child under dependent coverage upon application by the child's other parent or legal custodian or by the friend of the court under the Support and Visitation Enforcement Act.

* The insurer would be required to notify the child's other parent or legal custodian and the friend of the court of the effective date of the child's coverage, the name of the insurer, the name of the policyholder, and the policy number.

* An insurer would be prohibited from eliminating the child's health coverage (provided necessary premiums were paid) unless the insurer was provided with satisfactory written evidence that either 1) the court order or administrative order was no longer in effect or 2) that the child was or would be enrolled in comparable health coverage through another insurer, health care corporation, health maintenance organization, or self-funded health plan that would take effect not later than the effective date of the cancellation of existing coverage. An insurer would have to notify the friend of the court if health coverage was eliminated for any reason other than that an order was no longer in effect.

Noncustodial parent coverage

* If a child had health coverage through an insurer of a noncustodial parent, the insurer would be required to:

1) provide the custodial parent or legal custodian with information as may be necessary for the child to obtain benefits through that coverage;

2) permit the custodial parent or legal custodian or, with the custodial parent's or legal custodian's approval, the health care provider to submit claims for covered services without the noncustodial parent's approval (or, as regards an HMO, permit a custodial parent to obtain services); and

3) make payment on claims so submitted directly to the custodial parent, legal custodian, or health care provider (or, for HMO contracts, reimburse the custodial parent or health care provider for services obtained or provided).

(The above provisions would only apply if a parent was required by a court or administrative order to provide coverage for a child and the insurer was notified of the order.)

Related medical support provisions

* Insurers would be required, if requested pursuant to the Friend of the Court Act, to provide information to the friend of the court about a policy's various benefits and options available to a child, along with their costs.

* Insurers would be prohibited from considering whether an individual was eligible for Medicaid in this or another state when considering eligibility for coverage or making payments under its health plan for eligible insureds. If an insurer had a legal liability to make payments, and payments had been made by Medicaid for covered expenses for health care items or services furnished to an individual, the Department of Social Services would acquire the rights of the individual to payment by the insurer to the extent payment had been made by DSS for those items or services. An insurer could not impose requirements

on the DSS different from requirements that applied to an agent or assignee of any other covered insured.

Offer of coverage for child up to age 25

* Insurers and similar entities would be required to offer to provide coverage to an insured's child until December 31 of the year in which the child becomes 25 years old regardless of whether the child is considered a dependent for federal tax purposes if the child is 1) a child by birth or adoption; 2) enrolled as a full-time student; and 3) unmarried.