

HOUSE BILL No. 5410

November 8, 2005, Introduced by Reps. Gaffney, Mortimer, Hune and Ward and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
(MCL 500.100 to 500.8302) by adding section 3406s.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 3406S. (1) AN INSURER AND A HEALTH MAINTENANCE**
2 **ORGANIZATION MAY OFFER A LIMITED BENEFITS POLICY THAT EXCLUDES**
3 **MANDATED HEALTH BENEFITS FROM COVERAGE UNDER THE POLICY.**
4 **(2) BEFORE ISSUING A LIMITED BENEFITS POLICY, AN INSURER OR**
5 **HEALTH MAINTENANCE ORGANIZATION SHALL PROVIDE TO A PROSPECTIVE**
6 **POLICYHOLDER FOR AN INDIVIDUAL LIMITED BENEFITS POLICY OR TO A**
7 **PROSPECTIVE GROUP CERTIFICATE HOLDER FOR A GROUP LIMITED BENEFITS**
8 **POLICY A WRITTEN NOTICE THAT DOES BOTH OF THE FOLLOWING:**
9 **(A) DISCLOSES THAT MANDATED HEALTH BENEFITS ARE NOT COVERED BY**

1 THE LIMITED BENEFITS POLICY.

2 (B) LISTS AND DESCRIBES EACH MANDATED HEALTH BENEFIT THAT IS
3 NOT COVERED BY THE LIMITED BENEFITS POLICY.

4 (3) BEFORE ISSUING A LIMITED BENEFITS POLICY, AN INSURER OR
5 HEALTH MAINTENANCE ORGANIZATION SHALL OBTAIN FROM THE PROSPECTIVE
6 POLICYHOLDER FOR AN INDIVIDUAL LIMITED BENEFITS POLICY OR FROM A
7 GROUP CERTIFICATE HOLDER FOR A GROUP LIMITED BENEFITS POLICY A
8 SIGNED WRITTEN STATEMENT THAT ACKNOWLEDGES BOTH OF THE FOLLOWING:

9 (A) THAT THE DISCLOSURE STATEMENT REQUIRED UNDER SUBSECTION
10 (2) WAS PROVIDED.

11 (B) THAT THE EXTENT OF THE COVERAGE UNDER THE LIMITED BENEFITS
12 POLICY WAS UNDERSTOOD.

13 (4) EXCEPT AS PROVIDED IN THIS SECTION, ALL PROVISIONS OF THIS
14 ACT THAT APPLY TO EXPENSE-INCURRED HOSPITAL, MEDICAL, OR SURGICAL
15 POLICIES AND CERTIFICATES AND HEALTH MAINTENANCE ORGANIZATION
16 CONTRACTS APPLY TO LIMITED BENEFITS POLICIES.

17 (5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A LIMITED
18 BENEFITS POLICY IS NOT SUBJECT TO ANY MANDATED HEALTH BENEFIT
19 REQUIREMENT OF THIS ACT.

20 (6) AS USED IN THIS SECTION:

21 (A) "LIMITED BENEFITS POLICY" MEANS AN EXPENSE-INCURRED
22 HOSPITAL, MEDICAL, OR SURGICAL POLICY OR CERTIFICATE OR HEALTH
23 MAINTENANCE ORGANIZATION CONTRACT THAT PROVIDES BENEFITS UNDER THIS
24 SECTION.

25 (B) "MANDATED HEALTH BENEFIT" MEANS A PARTICULAR HEALTH CARE
26 SERVICE, BENEFIT, COVERAGE, OR REIMBURSEMENT FOR COVERED HEALTH
27 CARE SERVICES THAT AN INSURER OR HEALTH MAINTENANCE ORGANIZATION IS

1 REQUIRED BY STATUTE TO PROVIDE OR OFFER IN AN EXPENSE-INCURRED
2 HOSPITAL, MEDICAL, OR SURGICAL POLICY OR CERTIFICATE OR HEALTH
3 MAINTENANCE ORGANIZATION CONTRACT THAT IS ISSUED, RENEWED, OR
4 DELIVERED IN THIS STATE.