

SUBSTITUTE FOR
SENATE BILL NO. 283

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 3519 (MCL 500.3519), as amended by 2005 PA 306,
and by adding sections 2264b and 3406s.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 2264B. (1) ANY POLICY, CERTIFICATE, OR CONTRACT
2 DELIVERED, ISSUED FOR DELIVERY, OR RENEWED IN THIS STATE THAT
3 PROVIDES FOR HOSPITAL OR MEDICAL CARE COVERAGE OR REIMBURSEMENT FOR
4 HOSPITAL OR MEDICAL CARE FOR DEPENDENT CHILDREN SHALL PERMIT
5 CONTINUATION OF THAT COVERAGE FOR A CHILD UNTIL THAT CHILD ATTAINS
6 AGE 26 EVEN IF THE CHILD IS NO LONGER CONSIDERED A DEPENDENT IF THE
7 CHILD MEETS ALL OF THE FOLLOWING:
8 (A) IS UNMARRIED.
9 (B) HAS NO DEPENDENTS OF HIS OR HER OWN.
10 (C) IS A RESIDENT OF THIS STATE OR RESIDES SOMEWHERE ELSE
11 TEMPORARILY.

1 (D) IS NOT ELIGIBLE FOR A GROUP HEALTH BENEFITS OR COVERAGE
2 PLAN FROM HIS OR HER EMPLOYER.

3 (E) IS NOT PROVIDED COVERAGE UNDER ANY OTHER GROUP OR
4 INDIVIDUAL HEALTH BENEFITS OR COVERAGE PLAN.

5 (F) HAS NOT ACCEPTED A FINANCIAL INCENTIVE FROM HIS OR HER
6 EMPLOYER OR OTHER SOURCE TO DECLINE ANY OTHER GROUP OR INDIVIDUAL
7 HEALTH BENEFITS OR COVERAGE PLAN.

8 (G) WAS CONTINUOUSLY COVERED PRIOR TO THE APPLICATION FOR
9 CONTINUATION COVERAGE UNDER SUBSECTION (1) UNDER 1 OR MORE
10 INDIVIDUAL OR GROUP HEALTH BENEFITS OR COVERAGE PLANS WITH NO BREAK
11 IN COVERAGE THAT EXCEEDED 62 DAYS.

12 (2) A COVERED PERSON'S POLICY, CERTIFICATE, OR CONTRACT MAY
13 REQUIRE PAYMENT OF A PREMIUM BY THE COVERED PERSON OR CHILD,
14 SUBJECT TO THE COMMISSIONER'S APPROVAL, FOR ANY PERIOD OF
15 CONTINUATION COVERAGE ELECTED UNDER SUBSECTION (1). THE PREMIUM
16 SHALL NOT EXCEED 102% OF THE APPLICABLE PORTION OF THE PREMIUM
17 PREVIOUSLY PAID FOR THAT DEPENDENT'S COVERAGE UNDER THE POLICY,
18 CERTIFICATE, OR CONTRACT BEFORE THE TERMINATION OF COVERAGE AT THE
19 SPECIFIC AGE PROVIDED FOR IN THE POLICY, CERTIFICATE, OR CONTRACT.
20 THE APPLICABLE PORTION OF THE PREMIUM PREVIOUSLY PAID FOR THAT
21 DEPENDENT'S COVERAGE SHALL BE DETERMINED PURSUANT TO RULES ADOPTED
22 BY THE COMMISSIONER UNDER THE ADMINISTRATIVE PROCEDURES ACT OF
23 1969, 1969 PA 306, MCL 24.201 TO 24.328, BASED UPON THE DIFFERENCE
24 BETWEEN THE POLICY'S, CERTIFICATE'S, OR CONTRACT'S RATING TIERS FOR
25 ADULT AND DEPENDENT COVERAGE OR FAMILY COVERAGE, AS APPROPRIATE,
26 AND SINGLE COVERAGE, OR BASED UPON ANY OTHER FORMULA OR DEPENDENT
27 RATING TIER THAT THE COMMISSIONER CONSIDERS APPROPRIATE AND THAT

1 PROVIDES A SUBSTANTIALLY SIMILAR RESULT.

2 (3) THIS SECTION DOES NOT PROHIBIT AN EMPLOYER FROM REQUIRING
3 AN EMPLOYEE TO PAY ALL OR PART OF THE COST OF COVERAGE PROVIDED FOR
4 THAT EMPLOYEE'S CHILD UNDER THIS SECTION.

5 SEC. 3406S. (1) IF THE MI-HEART EXCHANGE BOARD UNDER THE MI-
6 HEART ACT DETERMINES THAT SECTION 3406A, 3406B, 3406C, 3406D,
7 3406E, 3406M, 3406N, 3406P, 3406Q, 3406R, 3425, 3609A, 3613, 3614,
8 3615, 3616, OR 3616A SHOULD BE WAIVED AS PROVIDED IN SECTION 8 OF
9 THE MI-HEART ACT, THEN THE SECTIONS SO IDENTIFIED BY THE BOARD
10 UNDER THE MI-HEART ACT ARE NOT REQUIRED TO BE PROVIDED OR OFFERED
11 IN AN ELIGIBLE HEALTH COVERAGE PLAN.

12 (2) AS USED IN THIS SECTION:

13 (A) "ELIGIBLE HEALTH COVERAGE PLAN" MEANS THAT TERM AS DEFINED
14 IN SECTION 3 OF THE MI-HEART ACT.

15 (B) "MI-HEART EXCHANGE BOARD" MEANS THAT TERM AS DEFINED IN
16 SECTION 3 OF THE MI-HEART ACT.

17 Sec. 3519. (1) A health maintenance organization contract and
18 the contract's rates, including any deductibles, copayments, and
19 coinsurances, between the organization and its subscribers shall be
20 fair, sound, and reasonable in relation to the services provided,
21 and the procedures for offering and terminating contracts shall not
22 be unfairly discriminatory.

23 (2) A health maintenance organization contract and the
24 contract's rates shall not discriminate on the basis of race,
25 color, creed, national origin, residence within the approved
26 service area of the health maintenance organization, lawful
27 occupation, sex, handicap, or marital status, except that marital

1 status may be used to classify individuals or risks for the purpose
2 of insuring family units. The commissioner may approve a rate
3 differential based on sex, age, residence, disability, marital
4 status, or lawful occupation, if the differential is supported by
5 sound actuarial principles, a reasonable classification system, and
6 is related to the actual and credible loss statistics or reasonably
7 anticipated experience for new coverages. A healthy lifestyle
8 program as defined in section 3517(2) is not subject to the
9 commissioner's approval under this subsection and is not required
10 to be supported by sound actuarial principles, a reasonable
11 classification system, or be related to actual and credible loss
12 statistics or reasonably anticipated experience for new coverages.

13 (3) All health maintenance organization contracts, **EXCEPT**
14 **HEALTH MAINTENANCE ORGANIZATION CONTRACTS THAT ARE ELIGIBLE HEALTH**
15 **COVERAGE PLANS OFFERED THROUGH THE MI-HEART EXCHANGE UNDER THE MI-**
16 **HEART ACT**, shall include, at a minimum, basic health services.

17 Enacting section 1. This amendatory act does not take effect
18 unless all of the following bills of the 94th Legislature are
19 enacted into law:

20 (a) Senate Bill No. 278.

21 (b) Senate Bill No. 280.