

Legislative Analysis



HEALTH INSURANCE EXCEPTED BENEFITS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6287 as introduced
Sponsor: Rep. Sarah Anthony

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

House Bill 6288 as introduced
Sponsor: Rep. Mike Harris

Committee: Rules and Competitiveness
Complete to 9-14-22

SUMMARY:

House Bills 6287 and 6288 would amend the Insurance Code to provide that the terms “health insurance policy” and “health benefit plan,” when used in the code or in Chapter 37 (Small Employer Group Health Coverage) of the code, respectively, do not include coverage that is only for *excepted benefits* as described under federal law (specifically, 42 USC 300gg-91).

As defined in 42 USC 300gg-91, *excepted benefits* means benefits under one or more (or a combination thereof) of the following:

- Coverage only for accident, or disability income insurance, or any combination thereof.
- Coverage issued as a supplement to liability insurance.
- Liability insurance, including general liability insurance and automobile liability insurance.
- Workers’ compensation or similar insurance.
- Automobile medical payment insurance.
- Credit-only insurance.
- Coverage for on-site medical clinics.
- Other similar insurance coverage, specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.
- Limited scope dental or vision benefits, if offered separately.
- Benefits for long-term care, nursing home care, home health care, or community-based care, or any combination thereof, if offered separately.
- Such other limited benefits, similar to the above two items, as are specified in regulations, if offered separately.
- Coverage only for a specified disease or illness, if offered as independent, noncoordinated benefits.
- Hospital indemnity or other fixed indemnity insurance, if offered as independent, noncoordinated benefits.
- Medicare supplemental health insurance as defined in 42 USC 1395ss(g)(1), coverage supplemental to the coverage provided to servicemembers and their dependents under 10 USC 1071 to 1110b, and similar supplemental coverage provided to coverage under a group health plan, if offered as separate insurance policy.

House Bill 6287 would amend section 608 of the Insurance Code, which provides that, as used in the code, “health insurance policy” means an expense-incurred hospital, medical, or surgical policy, certificate, or contract.

The bill would add that “health insurance policy” does not include a policy that provides coverage only for *excepted benefits* as described in 42 USC 300gg-91.

MCL 500.608

House Bill 6288 would amend section 3701 of the Insurance Code, which provides that, as used in Chapter 37 of the code, “health benefit plan” means an expense-incurred hospital, medical, or surgical policy or certificate, or health maintenance organization contract. The section also provides that “health benefit plan” does not include any of the following:

- Accident-only, credit, dental, or disability income insurance.
- Long-term care insurance.
- Coverage issued as a supplement to liability insurance.
- Coverage only for a specified disease or illness.
- Worker’s compensation or similar insurance.
- Automobile medical-payment insurance.

The bill would remove the above description of types of insurance that are not included in the definition of “health benefit plan” and instead provide that “health benefit plan” does not include coverage only for *excepted benefits* as described in 42 USC 300gg-91.

MCL 500.3701

Each bill will take effect only if both bills are enacted.

BACKGROUND:

Generally speaking, excepted benefits under federal law are plans that provide limited or supplemental health-related coverage and are not considered individual or group health plans under the Affordable Care Act (ACA) or the Health Insurance Portability and Accountability Act (HIPAA). Excepted benefits include plans that may have health-related benefits but are not health plans (such as automobile insurance); plans that provide limited health benefits and are issued under a separate policy from a health plan (such as dental insurance); plans that provide independent benefits that are not coordinated with benefits under a health plan (such as hospital indemnity insurance); and plans that supplement a health plan under a separate policy (such as Medicare supplementals).

FISCAL IMPACT:

House Bills 6287 and 6288 would not have a fiscal impact on any unit of state or local government.

Legislative Analyst: Rick Yuille
Fiscal Analyst: Marcus Coffin

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.