

**SUBSTITUTE FOR
SENATE BILL NO. 357**

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2213b (MCL 500.2213b), as amended by 2016 PA
276, and by adding section 2213e.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2213b. (1) Except as otherwise provided in this section
2 **and section 2213e**, an insurer that delivers, issues for delivery,
3 or renews in this state a health insurance policy shall renew the
4 policy or continue the policy in force at the option of the
5 individual or, for a group plan, at the option of the plan sponsor.

6 (2) At the time of renewal of an individual health insurance
7 policy, the insurer may modify the policy if the modification is
8 consistent with state and federal law and is effective on a uniform

1 basis among all individuals with coverage under the policy.

2 (3) At the time of renewal of a group health insurance policy
3 issued under chapter 34, the insurer may modify the policy.

4 (4) Guaranteed renewal of a health insurance policy is not
5 required in cases of fraud, intentional misrepresentation of
6 material fact, lack of payment, noncompliance with minimum
7 contribution requirements, or noncompliance with minimum
8 participation requirements, if the insurer no longer offers that
9 particular type of coverage in the market, or if the individual or
10 group moves outside the service area.

11 (5) An insurer that delivers, issues for delivery, or renews
12 in this state a health insurance policy shall not discontinue
13 offering a particular plan or product in the nongroup or group
14 market unless the insurer does all of the following:

15 (a) Provides notice to the director and to each covered
16 individual or group, as applicable, provided coverage under the
17 plan or product of the discontinuation at least 90 days before the
18 date of the discontinuation.

19 (b) Offers to each covered individual or group, as applicable,
20 provided coverage under the plan or product the option to purchase
21 any other plan or product currently being offered in the nongroup
22 market or group market, as applicable, by that insurer without
23 excluding or limiting coverage for a preexisting condition or
24 providing a waiting period.

25 (c) Acts uniformly without regard to any health status factor
26 of enrolled individuals or individuals who may become eligible for
27 coverage in making the determination to discontinue coverage and in
28 offering other plans or products.

29 (6) An insurer shall not discontinue offering all coverage in

1 the nongroup or group market unless the insurer does all of the
2 following:

3 (a) Provides notice to the director and to each covered
4 individual or group, as applicable, of the discontinuation at least
5 180 days before the date of the expiration of coverage.

6 (b) Discontinues all health benefit plans issued in the
7 nongroup or group market from which the insurer withdrew and does
8 not renew coverage under those plans.

9 (7) If an insurer discontinues coverage under subsection (6),
10 the insurer shall not provide for the issuance of any health
11 benefit plans in the nongroup or group market from which the
12 insurer withdrew during the 5-year period beginning on the date of
13 the discontinuation of the last plan not renewed under that
14 subsection.

15 (8) Subsections (1) to (7) do not apply to a short-term or 1-
16 time limited duration policy or certificate of ~~no~~**not** longer than 6
17 months.

18 (9) For the purposes of this section, a short-term or 1-time
19 limited duration policy or certificate of ~~no~~**not** longer than 6
20 months is an individual health policy that meets all of the
21 following:

22 (a) Is issued to provide coverage for a period of 185 days or
23 less, except that the health policy may permit a limited extension
24 of benefits after the date the policy ended solely for expenses
25 attributable to a condition for which a covered person incurred
26 expenses during the term of the policy.

27 (b) Is nonrenewable, provided that the health insurer may
28 provide coverage for 1 or more subsequent periods that satisfy
29 subdivision (a), if the total of the periods of coverage do not

1 exceed a total of 185 days out of any 365-day period, plus any
2 additional days permitted by the policy for a condition for which a
3 covered person incurred expenses during the term of the policy.

4 (c) Does not cover any preexisting conditions.

5 (d) Is available with an immediate effective date, without
6 underwriting, upon receipt by the insurer of a completed
7 application indicating eligibility under the insurer's eligibility
8 requirements, except that coverage that includes optional benefits
9 may be offered on a basis that does not meet this requirement.

10 (10) By March 31 each year, an insurer that delivers, issues
11 for delivery, or renews in this state a short-term or 1-time
12 limited duration policy or certificate of ~~no~~**not** longer than 6
13 months shall provide to the director a written annual report that
14 discloses both of the following:

15 (a) The gross written premium for short-term or 1-time limited
16 duration policies or certificates issued in this state during the
17 preceding calendar year.

18 (b) The gross written premium for all individual health
19 insurance policies issued or delivered in this state during the
20 preceding calendar year other than policies or certificates
21 described in subdivision (a).

22 (11) The director shall maintain copies of reports prepared
23 under subsection (10) on file with the annual statement of each
24 reporting insurer.

25 (12) In each calendar year, an insurer shall not continue to
26 issue short-term or 1-time limited duration policies or
27 certificates if to do so the collective gross written premiums on
28 those policies or certificates would total more than 10% of the
29 collective gross written premiums for all individual health

1 insurance policies issued or delivered in this state either
2 directly by the insurer or through a person that owns or is owned
3 by the insurer.

4 **Sec. 2213e. (1) An insurer that delivers, issues for delivery,**
5 **or renews in this state a health insurance policy with respect to**
6 **an individual, including a group to which the individual belongs or**
7 **family coverage in which the individual is included, shall not**
8 **rescind coverage under the policy unless both of the following**
9 **apply:**

10 (a) Either of the following applies:

11 (i) The individual or a person seeking coverage on behalf of
12 the individual performs an act, practice, or omission that
13 constitutes fraud. For purposes of this subparagraph, a person
14 seeking coverage on behalf of an individual does not include an
15 employee or authorized representative of the insurer or a producer.

16 (ii) The individual makes an intentional misrepresentation of
17 material fact.

18 (b) The insurer provides written notice to the individual at
19 least 30 days before the rescission.

20 (2) As used in this section, "rescind coverage" means a
21 cancellation or discontinuance of coverage that has retroactive
22 effect. A cancellation or discontinuance of coverage is not a
23 rescission if any of the following apply:

24 (i) The cancellation or discontinuance of coverage has only a
25 prospective effect.

26 (ii) The cancellation or discontinuance of coverage is
27 effective retroactively, to the extent it is attributable to a
28 failure to timely pay required premiums or contributions, including
29 COBRA premiums, toward the cost of coverage. As used in this

1 subparagraph, "COBRA" means the consolidated omnibus budget
2 reconciliation act of 1985, Public Law 99-272.

3 (iii) The cancellation or discontinuance of coverage is
4 initiated by the individual or by the individual's authorized
5 representative and the sponsor, employer, plan, or issuer does not,
6 directly or indirectly, take action to influence the individual's
7 decision to cancel or discontinue coverage retroactively or
8 otherwise take any adverse action or retaliate against, interfere
9 with, coerce, intimidate, or threaten the individual.

10 (iv) The cancellation or discontinuance of coverage is
11 initiated by an exchange established under the patient protection
12 and affordable care act, Public Law 111-148, as amended by the
13 health care and education reconciliation act of 2010, Public Law
14 111-152, and any regulations promulgated under those acts.

15 (3) This section applies to a health insurance policy
16 delivered, issued for delivery, or renewed in this state before,
17 on, or after the date of the effective date of the amendatory act
18 that added this section.